



THE CITY OF
ASHEVILLE

ADOPTED BUDGET
2021-22



CITY OF ASHEVILLE

NORTH CAROLINA

Adopted Budget Fiscal Year 2021-22



Esther Manheimer
Mayor

Sheneika Smith
Vice Mayor

Sandra Kilgore
Councilmember

Antanette Mosley
Councilmember

Kim Roney
Councilmember

Sage Turner
Councilmember

Gwen Wisler
Councilmember

Debra Campbell
City Manager

Cathy Ball
Assistant City Manager

Richard White
Assistant City Manager

Peggy Rowe
Special Assistant to the City Manager

Tony McDowell
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Asheville
North Carolina**

For the Fiscal Year Beginning

July 01, 2020

Christopher P. Morill

Executive Director

TABLE OF CONTENTS

CITY MANAGER’S TRANSMITTAL LETTER	v
--	----------

INTRODUCTION

Budget Guide	A-1
City Manager’s Budget Message	A-2
Asheville City Council’s 2036 Vision	A-13
Organizational Structure	A-15
Organizational Chart	A-17
Budget Process	A-18
FY 2021-22 Budget Calendar	A-21
Financial Policies	A-22

BUDGET SUMMARY

Operating Budget Summary	B-1
Expenditures	B-3
Revenues	B-7
Staffing	B-26
General Fund Summary	B-28
Analysis of Fund Balance	B-32

PUBLIC SAFETY

Asheville Fire Department	C-1
Asheville Police Department	C-4

COMMUNITY & RESIDENT SERVICES

Parks & Recreation Department	D-1
Community & Economic Development Department	D-4
Housing Trust Fund	D-7
Planning & Urban Design Department	D-8
Development Services Department	D-11
Public Works Department	D-13
Capital Projects Department	D-16
Office of Sustainability	D-18
Office of Equity and Inclusion	D-19
Transportation Department	D-20
Shared Services/Nondepartmental	D-22

TABLE OF CONTENTS

MANAGEMENT & SUPPORT SERVICES

Administrative Services/City Manager's Office	E-1
City Attorney's Office	E-3
Communication & Public Engagement Department	E-4
Finance & Management Services	E-5
Human Resources	E-8
Information Technology Services	E-10
Shared Services/Nondepartmental	E-12

ENTERPRISE FUNDS

Water Resources Fund	F-1
Stormwater Fund	F-5
Parking Services Fund	F-7
Transit Services Fund	F-9
Harrah's Cherokee Center of Asheville Fund	F-11
Street Cut Utility Fund	F-13

CAPITAL IMPROVEMENT PROGRAM (CIP)

Capital Improvement Program	G-1
Debt Management	G-3
General Capital Improvement Program	G-6
Enterprise Funds Capital Improvement Program	G-10
General CIP Project Summaries	G-13
Enterprise CIP Project Summaries	G-15

SUPPLEMENTAL INFORMATION

Asheville Community Profile	H-1
Budget Ordinance	H-8
Glossary of Budget Terms	H-15

CITY MANAGER'S TRANSMITTAL LETTER

June 22, 2021

TO: Mayor Manheimer and City Council Members
FROM: Debra D. Campbell, City Manager
SUBJECT: Fiscal Year 2021-22 Adopted Annual Budget

I am pleased to present you with a copy of the 2021-22 Adopted Annual Budget Document. This document, which was prepared by the City's Budget staff, reflects the City's overall budget plan and policies as approved by the Mayor and Council for the upcoming fiscal year.

The Fiscal Year (FY) 2021-22 Proposed Annual Operating Budget was presented to City Council on May 25, 2021. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 28, 2021. City Council conducted a public hearing on the Proposed Budget on June 8, 2021.

The following changes were made to the Proposed Budget since it was presented to Council on May 28, 2021:

At the June 8, 2021 meeting, City Council took action to amend the FY 2020-21 Budget to budget \$2.1 million from the White Labs sales proceeds for Reparations. With Reparations funding approved in the current fiscal year budget, staff has removed the \$1.2 million in funding that was included in the FY 2021-22 Proposed Budget. An additional \$25,000 is also included in the General Fund to budget the revenues and expenses associated with the Reparations Speaker Series.

The FY 2021-22 Proposed General Fund Budget that was presented on May 25th was balanced with an ad valorem tax rate of 41.30 cents per \$100 of assessed value, which was 3 cents above the revenue-neutral rate. Staff revised the proposed ad valorem tax rate down by 1 cent to 40.30 cents per \$100 of assessed value. In order to keep the FY 2021-22 General Fund Budget balanced at this lower ad valorem tax rate, staff is proposing the following adjustments:

- Utilize \$1.0 million in American Rescue Plan Act (ARPA) funding to support transit operations, which will allow the City to reduce the General Fund transfer to the Transit Services Fund by \$1.0 million in FY 2021-22.
- Increase the FY 2021-22 sales tax revenue budget by \$400,000 based on updated estimates and continued strong growth in retail sales as the economy recovers from the COVID-19 pandemic.
- Appropriate \$500,000 in unassigned fund balance based on projections that unassigned fund balance in the General Fund will exceed the City's 15% policy goal.

The FY 2021-22 budget numbers and all narrative in this document reflect the budget as adopted by the Mayor and Council on June 22, 2021, except for the City Manager's Budget Message which is included as it was presented with the Proposed Budget on May 25, 2021.

Budget Guide

Local governments exist to provide a wide range of basic services on which we all depend: streets and sidewalks, water systems, garbage collection, police and fire protection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2021-22 Adopted Budget, which is the financial plan that will guide City operations over the next year.

The budget document is divided into the following sections:

Introduction - This section begins with the City Manager's Budget Message, which highlights and explains the major budgetary issues facing the City of Asheville during the 2021-22 fiscal year. The Introduction also includes a description of the budget process and City organizational structure and a presentation of the City's financial policies.

Budget Summary - The Budget Summary section provides a detailed picture of the City's FY 2021-22 adopted annual operating budget, including information on total budget expenditures, revenues, and staffing. This section also separates the expenditures and revenues by fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund, the General Fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2021-22 revenue estimates. The Budget Summary concludes with an estimate of fund balance for the City's General Fund.

Departmental Summaries - The next four sections present budget data for City departments. Detailed budget information is included for all City departments and divisions, along with departmental priorities for FY 2021-22.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next five fiscal years. This section also contains information on the City's annual debt service requirements.

Please direct any comments or questions to:

Taylor Floyd, Budget Manager

City of Asheville

Telephone: (828) 259-5592

Email: tfloyd@ashevillenc.gov

Website: www.ashevillenc.gov/department/finance/city-budget/

CITY MANAGER'S PROPOSED BUDGET MESSAGE

May 25, 2021

Honorable Mayor Manheimer and City Council Members:

It is my pleasure to respectfully submit to you the City Manager and staff's Proposed Budget for the fiscal year beginning July 1, 2021, and ending June 30, 2022. As I began my budget message last year, let me first say that I am honored to be part of a City that cares so deeply for the people it serves. That caring and commitment to our community has perhaps never been more deeply displayed than it has over the last year as we have dealt with the unprecedented times and circumstances brought on by the COVID-19 pandemic and the racial, social and environmental justice issues that swept across our country last year.

I want to again recognize and thank our City employees who worked both on-site and remotely to continue to maintain operations and deliver high quality services throughout these crises. I am also grateful for your direction, time, and support throughout this extended budget development process.

The recommendations included in this balanced and fiscally responsible Proposed Budget are based on internal work, community input, and Council priorities, and reflect a continuation of the reimagining public safety process that we began last summer.

The Fiscal Year (FY) 2021-22 Proposed Budget, which totals \$201.67 million:

- Recommends a sustainable property tax rate of 41.30 cents per \$100 of assessed valuation to fund investments in Council priorities;
- Continues funding core community services in a time of rising costs;
- Strategically utilizes fund balance for one-time funding to advance the City's Reparatons Program and establish a Neighborhood Grants Program;
- Fully restores funding for positions held vacant in FY 2020-21;
- Minimizes the impact of fee increases while maintaining services; and
- Positions the City to move ahead with other key initiatives including continuing the reimagining public safety process and planning for the utilization of the recently approved American Rescue Act (ARPA) funding.

A summary of the FY 2021-22 Proposed Budget is outlined in the table below.

CITY MANAGER'S PROPOSED BUDGET MESSAGE

Proposed FY 2021-22 Budget Summary

Fund	FY21 Adopted	FY22 Proposed	\$ Change	% Change
General	134,763,570	147,408,553	12,644,983	9.4%
Water	33,235,312	36,735,312	3,500,000	10.5%
Transit	12,256,653	13,167,309	910,656	7.4%
Parking	6,647,680	7,077,680	430,000	6.5%
Stormwater	6,580,342	6,780,342	200,000	3.0%
Harrah's Center	3,804,058	4,525,894	721,836	19.0%
Street Cut	1,877,104	1,852,678	(24,426)	-1.3%
Total All Funds	199,164,719	217,547,768	18,383,049	9.2%
Interfund Transfers	(14,408,389)	(15,851,711)	(1,443,322)	10.0%
Net Total All Funds	184,756,330	201,696,057	16,939,727	9.2%

Financial Outlook

As I mentioned in my opening, the organization has been through and continues to be in the midst of an unprecedented time in the country's history. The current fiscal year (2020-21) budget was prepared at the onset of the COVID-19 pandemic in the spring of 2020. At that time, consensus forecasts were predicting a deep and potentially extended economic downturn. Given the anticipated decline in revenues, we took actions to balance the FY 2020-21 budget with the least impact on operations and service delivery.

These actions included:

- forgoing salary increases for employees,
- implementing a soft hiring freeze (except for key public safety and other strategic positions),
- postponing new programs and service enhancements, and
- appropriating unassigned fund balance in the General Fund to ensure continuity of operations.

By taking these actions, the City was able to avoid the types of service reductions and employee layoffs and furloughs that many local governments across the country were forced to implement.

Fortunately for the City, the impact of the COVID-19 pandemic on the City's financial performance has not been nearly as severe as anticipated, especially in the City's General Fund. In particular, sales tax revenue in the General Fund has performed unexpectedly well following deep initial declines in March, April, and May of 2020. Sales tax revenue through the first 8 months of the

CITY MANAGER'S PROPOSED BUDGET MESSAGE

fiscal year that began on July 1, 2020 is up 7.7% compared to the prior year. Staff had forecasted that sales tax revenue would be down 5-10% at this point. The unexpectedly positive sales tax performance is likely due to consumers reallocating spending from untaxed services to taxable goods and the implementation of a new requirement for online marketplaces to collect and remit sales tax on purchases in North Carolina.

Property taxes, which make up the largest portion (over 54% percent) of the City's General Fund revenues, have also continued to fare well during the pandemic, and property tax revenue is expected to exceed budget in fiscal year 2020-21. The City also received approximately \$2.0M in Coronavirus Relief Funding (CRF) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act which significantly helped offset some of the cost of our pandemic response efforts and provided partial funding for a one-time payment to frontline and on-site employees in December of 2020. As a result of the City's efforts to hold the line on costs, and the strong sales tax performance, we are anticipating that unassigned fund balance in the General Fund will increase by \$3.0-4.0M in fiscal year 2020-21, which will provide us with the flexibility to utilize available fund balance to fund some key one-time investments in fiscal year 2021-22.

The City operations that have been most negatively impacted by the COVID-19 pandemic are the enterprise funds, in particular the Parking Services, Harrah's Cherokee Center of Asheville (HCCA), and the Transit Service funds. With demand continuing to be below historical levels for both on-street and off-street parking and the HCCA being closed for most events, those two funds have seen revenues underperform by a combined \$5.2M through the first nine months of fiscal year 2020-21 compared to the prior year. In the Transit Services Fund, buses continue to operate fare free and additional costs continue to be incurred for supplemental service to provide social distance for riders. The City expects to be able to utilize funding from the American Rescue Plan (ARPA) to offset the revenue losses in Parking and HCCA and to hopefully defer some costs and lost revenue in Transit.

Looking forward to fiscal year 2021-22, forecasts at the state and national levels are projecting economic growth will continue as rates of new Coronavirus infections decline and more of the population gets vaccinated. Therefore, staff is projecting continued positive revenue growth in the General Fund and a return to more pre-pandemic operations in the three enterprise funds discussed above. However, even with significant natural growth in key revenues, the financial needs across the community and the organization are significantly higher than this growth in revenue can support.

Therefore, as part of the Proposed FY 2021-22 Budget, I am proposing a property tax rate that is 3 cents above the revenue neutral rate in order to provide the additional revenue necessary to invest in key Council, community, and organizational priorities. State law requires local governments to publish a revenue-neutral tax rate in the budget immediately following the completion of the reappraisal of real property. Appendix A to this message explains how the revenue neutral tax rate is calculated.

To potentially help mitigate the impact of reappraisal and the proposed tax rate adjustment on low-income residents, I am recommending that the City partner with Buncombe County as they explore enacting a homeowners assistance support program. The Proposed Budget includes a \$150,000 placeholder to fund the potential cost of the City's participation in this program.

Budget Development

As you all recall, the fiscal year 2020-21 budget process was extended by three months as the racial justice movement swept across our country in the wake of numerous police-involved shootings of Black men and women. City Council adopted a three-month budget in July of 2020 to allow time for the City Manager's Office to complete the first step in the ongoing reimagining public safety process, a brief but intensive community engagement around the role of the Asheville Police Department (APD).

On September 22, 2020, City Council passed a budget that reallocated \$770,000 from APD to other City departments. The reallocations from APD, which were influenced by input from the community engagement process, included moving two nuisance response programs (Animal Control and Noise Ordinance enforcement) to the Development Services Department (DSD); adding positions in the Information Technology Services (ITS) department for improved public safety data analysis, reporting, and public access; adding a position in Communication and Public Engagement (CAPE) to better serve communities and neighborhoods; and funding for additional homeless outreach.

Much of the work done as a part of this year's budget development reflects a continuation of the reimagining public safety process that we began last summer. The work that staff did during this budget process was different in many ways from previous budget cycles, and I want to highlight both the internal and external engagement efforts that were led by a collaborative cross-functional team of City employees from Budget, the Office of Equity and Inclusion, the Office of Data and Performance, and Communication and Public Engagement with assistance from consultants at Amplify Consulting and Dual Vida Enterprises, LLC.

The internal work completed during the winter and spring of 2021 with all City departments focused on three questions:

- Who are the people most impacted by inequity in our community?
- How do the services your department provides affect those most impacted?
- How can services be adjusted to enhance positive or mitigate negative impact?

Through that internal engagement, three key challenges for staff emerged:

- Too few resources spread over services;
- Differences in access to information and the City organization lead to inconsistent service delivery; and
- Inclusive community input is difficult to obtain.

The response strategies that staff identified to these challenges were to refocus engagement to the neighborhood level and to develop a clear data-informed framework for decision making.

The external engagement, which continued the conversations from the prior reimagining public safety sessions, included an online survey and six virtual sessions. A community engagement academy was also held, which focused on connecting with groups of people identified as "missing from the conversation" in the Reimagining Public Safety engagement. The goal of the academy was to build capacity for participating in decision-making processes. Key takeaways from those sessions include:

CITY MANAGER'S PROPOSED BUDGET MESSAGE

- A desire for understanding how the budget affects individuals and how to make an impact on budget decisions.
- Increased access, convenience, and transparency.
- Clearer, plain language communication.
- Being part of resource allocation and prioritization.
- Empowered decision making.
- Neighborhood level investments.

In addition to the external community engagement sessions, staff and our consultants also held two employee-only engagement sessions. Key feedback received from those sessions included:

- Compensation is an important part of feeling valued.
- More staff resources are needed to address both Council priorities and core service delivery.
- More strategically utilizing existing resources and coordinating community engagement would improve outcomes.

The results of this months-long engagement work produced invaluable feedback which, along with the Council input and prioritization I will discuss in the next section, has guided us through the development of this Proposed Budget and resulted in the recommended investments highlighted throughout the Budget Document.

Strategic Prioritization and Resource Allocation

At your annual retreat held on March 31 and April 1, 2021, City Council reaffirmed its commitment to the 13 Strategic Priorities from Vision 2036 that were identified in 2019 and developed four additional key priorities to inform development of the fiscal year 2021-22 budget. Those four priorities were:

- Reparations
- Reimagining Public Safety
- Compensation
- Utilization of ARPA funding

Prior to the annual retreat, staff held two budget work sessions with Council to provide an overview of the budget and highlight potential key areas of focus and investment. After the retreat, staff followed up with three additional budget work sessions in April and May to update the financial outlook, provide information received from the internal and external engagements, and preview draft investment recommendations. All of that work culminates with this presentation of this Proposed FY 2021-22 Budget and the key investment categories that I will highlight over the next few pages.

Reparations

At your July 14, 2020 meeting, City Council became one of the first local governments in the United States to approve a resolution supporting community reparations for Black residents. Over

CITY MANAGER'S PROPOSED BUDGET MESSAGE

the last nine months staff has worked to begin developing a framework around that resolution. For next year's budget I am recommending that we take the first steps in funding reparations by appropriating \$1.2 million from available fund balance, which will allocate \$200,000 to a planning and community engagement process and set aside \$1 million in initial funding for the Reparations Fund itself. We anticipate that the City's \$1 million investment will be amplified by other outside investments, including from possible hotel rezonings through use of the Community Benefits Table.

Reimagining Public Safety (Safe Communities)

Over the past year the Asheville Police Department (APD) has experienced significant turnover in its sworn police officers. APD currently has approximately 70 vacant sworn positions out of a total of 238 authorized sworn positions. This turnover has created exceptional challenges for the Department to maintain coverage and provide a basic level of service. In an effort to meet coverage needs and begin reducing turnover, the Proposed Budget includes funding to fully implement the Police pay plan recommendations from the Archer Compensation Study and provide additional overtime needed to maintain coverage. Based on current staffing levels and APD hiring plans, the budget assumes that sworn position vacancy savings will fund both the cost of implementing the public safety pay plan and the additional overtime funding.

It is also assumed that APD vacancy savings will be sufficient to fund additional overtime so that officers can attend training associated with reimagining public safety and improving community relations such as de-escalation, verbal judo, crisis intervention training, and fair and impartial policing. As travel restrictions are eased, staff will also attend conferences that cover best practices around data, transparency, officer wellness, recruitment, and co-responder models for people in crisis. APD vacancy savings will also be utilized to offset inflationary increases in APD's operating budget, including a \$180,000 increase in the contract for body-worn and vehicle camera maintenance. Finally, the Proposed Budget recommends reallocating an additional \$110,000 in funding from APD to the Development Services Department (DSD) to provide support for the Animal Control and Noise Ordinance Enforcement programs that were shifted to DSD as part of the initial phase of reimagining public safety. In total the APD Proposed Budget for fiscal year 2021-22 totals \$29.26M, which is down slightly compared to the Adopted 2020-21 Budget.

It is also important to note that the conversations and work around reimagining public safety will not end with this budget process. The City and County are continuing discussions around consolidating 911 emergency response services and expect to move forward with that initiative early next fiscal year. The FY 2021-22 Proposed Budget positions the City to be able to consolidate 911 response services with the County utilizing the existing APD telecommunications budget and 911 funds already received from the County as part of an earlier joint agreement. In addition, budget proposals for a crisis response team for mental health and substance abuse and a houselessness response team also remain under development. Finally, the City is continuing conversations with the Asheville Housing Authority and Asheville City Schools to assess APD's role in those areas.

I also want to highlight an important new investment in the Asheville Fire Department (AFD) which will enhance safety in our community. After over a decade of planning, the new Broadway Public Safety Station is anticipated to begin construction soon and open in the fall of 2022. Once open, the station will improve performance outcomes in that part of the City from 45% to over 90%. In order to have staffing in place for the opening of the new station, the FY 2021-22 budget includes \$583,000 in funding to hire an additional 15 firefighters in the fall of 2021. Once the station is open, the estimated full annual cost to staff and operate the station, which will be part of the FY 2022-23 budget, is \$1.26 million.

CITY MANAGER'S PROPOSED BUDGET MESSAGE

Employees & Workforce

In fiscal year 2019-20, the City contracted with the Archer Company to complete a Total Compensation Study. There were two phases to the study; the first, an analysis of the impact of raising minimum pay to \$31,200 for a 40-hour work week, was completed and implemented in the fourth quarter of FY 2019-20. The second phase, which included an analysis of positions, classifications, salaries, and benefits throughout the City in comparison to the market, was completed earlier this fiscal year. The Proposed Budget I am recommending fully funds implementation of the Archer Compensation Study recommendations for employees on the public safety pay plans and increases compensation for all other employees up to the new Archer-recommended minimum pays or provides a 2.5% pay increase, whichever is greater. The cost of implementing these recommendations is approximately \$7.9 million Citywide with around 87% or \$6.9 million of this increase going to employees who currently earn less than \$60,000 annually.

As I noted earlier, because of the financial uncertainty resulting from the COVID-19 pandemic, we implemented a soft hiring freeze (except for key public safety and other strategic positions) as part of the current year's budget. One of the key challenges we heard from departments as part of the internal budget engagement work this year was that there were too few resources spread over services. Therefore I am recommending that we restore \$1.0 million to the fiscal year 2021-22 budget to fund all of our approved positions. Since it will take time to fill current vacancies, staff has built into the budget a higher level of vacancy savings than the historical trend.

For the sixth consecutive year, the Board of Trustees for the NC Local Government Employees' Retirement System (LGERS) approved an increase in the employer contribution to the retirement program. This increase of 1.2% has a Citywide budgetary impact of approximately \$700,000. On a positive note, the City has continued to experience strong financial performance in its health care program and will therefore be able to maintain employee contributions and employer contributions at the same level for the fourth consecutive fiscal year. Finally, I'm pleased to be able to include in the Proposed Budget enhancements to employee benefits including the addition of two new paid holidays (Juneteenth and Veteran's Day), eight weeks of paid parental leave, and six weeks of paid leave for care of qualified family members with a serious health condition.

Neighborhoods and Housing

We heard clear feedback as part of both the internal and external engagements that new City investments in neighborhoods were very important. Part of our response strategy for fiscal year 2021-22 will be to allocate an additional \$150,000 from available fund balance (for a total of \$200,000) to launch a neighborhood grant program. This new funding will complement ongoing budget investments, which include the \$500,000 annual Housing Trust Fund contribution and \$225,000 to support the Land Use Incentive Grant (LUIG) program and development fee rebate payments for affordable housing projects.

As part of the five-year Capital Improvement Program (CIP), we will be budgeting an additional \$2 million per year to support investments in sidewalks, road resurfacing, facilities, and other infrastructure. The City is able to commit to this additional funding due to savings in the multi-year CIP and debt program resulting from lower interest rates and revised project spending schedules.

Youth

We have also heard from our community a need for additional Parks and Recreation services in our neighborhoods to provide our youth with improved access to safe spaces to socialize and recreate. To help meet this objective, the Proposed Budget allocates \$450,000 in new funding to

CITY MANAGER'S PROPOSED BUDGET MESSAGE

expand evening and weekend hours at community centers and \$300,000 to expand the level of service in high-use parks and facilities.

In addition to this new investment in the Parks and Recreation Department, the Proposed Budget continues funding for the City of Asheville Youth Leadership Academy (CAYLA) at \$257,000; maintains the \$242,000 allocation for Strategic Partnership Funds (SPF) to support nonprofit organizations that serve Asheville residents; and continues the partnership with Asheville City Schools on Positive Opportunities Develop Success (PODS) at recreation centers, which began during the pandemic. Staff will also continue working with community partners to identify additional youth and community programming needs throughout next fiscal year. Finally, the City also signed on as a community partner in the United Way's Partnership for Youth initiative, which seeks to address the opportunity gap related to disparity in school test scores between black and brown youth and whites. Our hope is that these programs will support the effort to address this disparity.

Transportation

Implementation of the Transit Master Plan (TMP), which began in fiscal year 2019-20, remains a top priority for City Council and the community. The first phase of TMP implementation began in January 2020 and included an increase in service frequency, realignment of some existing routes, and an additional 20,400 annual service hours. The fiscal year 2020-21 budget included funding to continue these improvements for a full fiscal year, but further implementation of the TMP was delayed due to the COVID-19 pandemic. With the community emerging from the pandemic, we are planning to move ahead with the next steps in implementing the TMP beginning in October 2021. Planned enhancements include extended evening hours (which will complete year 1 implementation of the TMP) and increased service frequency on the S3 and S6 routes from 90 minutes to 45 minutes. These new investments, which will be funded through the General Fund, will cost \$1.1 million in fiscal year 2021-22 for 9 months; full annual costs thereafter will be \$1.6 million. Total General Fund support for Transit Services in fiscal year 2021-22 is budgeted at \$7.9M, which represents a \$1.1M or 16% increase compared to the Adopted 2020-21 Budget.

The City celebrated the grand opening of the River Arts District Transportation Improvement Project (RADTIP) on April 23, 2021. The RADTIP, which re-built the transportation network along the east side of the French Broad River in the River Arts District, is the centerpiece of a decade-long effort to renovate the greater River Arts District to better support its businesses, residents, artists, and the larger Asheville community. The FY 2020-21 Parks & Recreation budget included funding of \$250,000 to hire seven additional staff for a partial year to provide maintenance services for the new RADTIP infrastructure. The Proposed 2021-22 Budget includes an additional \$154,000 to fully fund the ongoing annual costs for RADTIP maintenance.

Environment

The Proposed FY 2021-22 Budget continues our key investments in the environment. Ongoing sustainability initiatives funded within the Proposed Budget include: developing a climate justice screening tool; exploring pathways to hire more BIPOC members to help with education and outreach; utilizing existing funding and partnerships to support solar installations for low- and moderate-income households; partnering with Asheville-Buncombe Food Policy Council and Bountiful Cities to create templates for food emergency preparations; and partnering with the Planning and Fire Departments to help inform, create, and support Resiliency Hubs. As of July 1, there will be approximately \$425,000 available in the multi-year Green Savings program to invest in renewable energy projects.

CITY MANAGER'S PROPOSED BUDGET MESSAGE

There are a number of other continuing investments in the environment to highlight, such as tree ordinance implementation and enforcement, which will occur with existing staff during the next fiscal year with an assessment of future needs as construction activity increases. The Proposed Budget also includes \$6.8 million in the Water Resources Fund for ongoing investments in water capital infrastructure. During our budget work sessions, staff highlighted the need for a multi-year water rate realignment to replace revenue from the repealed Capital Improvement Fee, and Council responded by approving fiscal year 2021-22 rate changes at its May 11, 2021 meeting. Staff is also recommending a midyear assessment of two other key City service areas that impact the environment, Sanitation and the Stormwater Enterprise Fund, to determine if fee increases in those areas are needed to support additional investments.

I also want to highlight two environmental service areas where additional funds were added to the base budget to fund ongoing cost increases. First, an additional budget allocation of \$300,000 was required to maintain the City's current household recycling program in a time of rising costs within the recycling industry. Second, the City continues to see an increase in significant weather events due to climate change. In order to be better prepared, I am recommending an increase of \$200,000 in the funding to our Public Works Department for storm response.

Economic Development

The fiscal year 2020-21 budget continued the allocation of \$60,000 for business certification and training programs to improve access to contracting opportunities with the City and address barriers to success for small businesses in Asheville, which was one of the priorities identified in response to the Disparity Study. In next fiscal year's budget we will reallocate that \$60,000 from contracted services to fund a new position in the Asheville Business Inclusion Office (ABIO). The Manager's Proposed Budget also includes \$1.5 million in the General Fund to meet the City's previously approved economic incentive agreements, an investment which represents a \$380,000 increase over the current fiscal year budget.

Next Steps and Summary

Asheville remains in a strong financial position. In early April, both Standard & Poor's (S&P) and Moody's Investors Service (Moody's) reaffirmed their bond ratings for the City of Asheville. General obligation bonds, which are backed by the full taxing power of the City, received the agencies' highest credit ratings of AAA and Aaa, respectively. This places Asheville with some of the most financially well-managed cities in the United States. A triple-A bond rating is confirmation of the City's sound fiscal policies and professional management.

I believe this Proposed Budget positions the City to move ahead with key initiatives such as reparations, reimagining public safety, transit expansion, and compensation adjustments for our employees. However, work on the budget will not stop with this budget proposal. In particular, we will continue our planning for the utilization of the recently approved American Rescue Plan Act (ARPA) funding, which totals at least \$26 million for the City of Asheville. Extending the planning time for the ARPA funds into next fiscal year will offer us time to ensure the development of a strategic implementation plan that is in compliance with the recently released federal spending guidelines and meets Council's and the community's key strategic priorities.

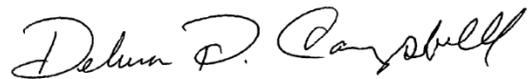
As I complete this budget process and look ahead to next fiscal year, I am very optimistic about Asheville's future, both for the community and our organization. The last year has brought exceptional challenges but we have come a long way as we have worked together to overcome those challenges, and I believe that we have made progress towards improving access and

CITY MANAGER'S PROPOSED BUDGET MESSAGE

enhancing equity. I would like to thank staff throughout the organization for their many hours of hard work on this budget, and their willingness to collaborate on decision making. I am proud to be a part of a team of employees who take pride in public service. In particular, I would like to acknowledge staff in the City of Asheville's Finance & Management Services Department: Finance Director Tony McDowell and the staff in the Budget Division, including Taylor Floyd, Lauren Brune, Ellenore Holbrook, and Beth Bechel.

I look forward to working with you and the community over the next month to adopt the fiscal year 2021-22 budget.

Sincerely,

A handwritten signature in black ink that reads "Debra D. Campbell". The signature is written in a cursive, flowing style.

Debra D. Campbell

City Manager

CITY MANAGER’S PROPOSED BUDGET MESSAGE

Appendix A: City of Asheville Revenue Neutral Tax Rate Calculation

FY 2021-22

State law requires local governments to publish a revenue-neutral tax rate in the budget immediately following the completion of the reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information on tax rates before and after revaluation. The revenue-neutral tax rate, as defined by G.S. §159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.

To calculate the revenue-neutral rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. The tables below walk the reader through the City of Asheville’s revenue-neutral calculation for FY 2021-22.

Revenue Neutral Known Values

	Current	Reappraisal
Assessed Value (Base)	\$ 16.9 billion	\$ 19.4 billion
Tax Rate	42.89 cents	?
Levy (Base x Rate)	\$ 72,487,013	

Revenue Neutral Tax Rate Calculation

1. Determine the tax rate that would produce revenue (levy) equal to current year.
2. Increase the rate by the average annual increase in the tax base.

Current Levy \$ 72,487,013	÷	Reappraisal Assessed Value \$ 19.4B	×	Avg. Tax Base Growth 2.62%
--------------------------------------	---	---	---	--------------------------------------

The tax rate that would produce the same levy as the current tax rate on the new valuation is **38.30 cents.**

Asheville City Council 2036 Vision

Asheville is a great place to live because we care about people, we invest in our city, and we celebrate our natural and cultural heritage. Our city is for everyone. Our urban environment and locally-based economy support workers, entrepreneurs, and business owners, families and tourists, and people of all ages. Cultural diversity and social and economic equity are evident in all that we do. Our neighborhoods are strong, participation in civic life is widespread, and collaborative partnerships are the foundation of our success. Here's what makes us special.

AN EQUITABLE AND DIVERSE COMMUNITY

Asheville is an inclusive, diverse community. We define diversity broadly, including but not limited to all races, ages, sexual orientations, gender identities, socio-economic backgrounds, and cultural beliefs. We have created a fair and balanced society where everyone can participate and has the opportunity to fulfill their potential because they have access to healthy, affordable food, transportation, quality education, and living-wage jobs. Asheville promotes and supports minority businesses as a means of strengthening our local economy. We use a racial equity lens to review and achieve our city's strategic goals in health, education, housing, and economic mobility.

A WELL-PLANNED AND LIVABLE COMMUNITY

Asheville promotes community through thoughtful, resident-led planning that results in pedestrian-oriented development for all ages and abilities, harmonized with an integrated transportation system. Asheville's unique character is reflected in our regional planning and land use, preserved in our historic structures, and honored when incorporated in new development. Thoroughfares are lined with thriving businesses mixed with residential and commercial uses. Neighborhoods are safe, socioeconomically diverse, and have a range of affordable housing choices. Open spaces, parks, greenways, community gardens, and edible landscapes are abundant throughout the city.

A CLEAN AND HEALTHY ENVIRONMENT

Asheville continues to be a leader in innovative technologies and conservation efforts in response to global climate change. The City is powered by locally-generated, clean sources of energy, and air quality problems have disappeared. Views of surrounding mountains have regained clarity unknown since the late 1800s.

Clean energy is not the only priority when preserving our high quality of life. Recognized as a Tree City USA for decades, Asheville's streets, greenways, and parks embody an urban forest. Emphasis on local resilience spurs the use of municipal land for gardening, farming, and urban orchards. Known as a food destination city, most restaurants serve locally grown foods.

Thanks to an extremely high-quality water source nestled in the gentle folds of the Blue Ridge Mountains, Asheville continues to attract companies that depend on clean water – from breweries to high-tech start-ups to restaurants and food manufacturers. Our modern transportation system has increased options that reduce carbon emissions. Successful waste, recycling, and curbside composting programs have greatly reduced the city's landfill needs.

ASHEVILLE CITY COUNCIL 2036 VISION

QUALITY AFFORDABLE HOUSING

Asheville is a city with abundant housing choices for people at all economic levels and stages of life. Chronic homelessness is a thing of the past and rapid rehousing strategies abound thanks to an effective network of service providers. Housing is affordable not only because of reasonable prices but also because of low energy and transportation costs. Innovative and historic housing options, from tiny homes and co-housing to apartments and single-family homes, are available throughout the city. Asheville's former public housing communities have been transformed into a diverse mix of affordable and market-rate homes.

TRANSPORTATION AND ACCESSIBILITY

Whether you drive a car, take the bus, ride a bike, or walk, getting around Asheville is easy. Public transportation is widespread, frequent, and reliable. Sidewalks, greenways, and bike facilities get us where we want to go safely and keep us active and healthy. It is easy to live in Asheville without a car and still enjoy economic, academic, and social success.

A THRIVING LOCAL ECONOMY

Asheville is unique in its locally-focused economy. Our local businesses are vibrant and, no matter where you are in the city, you see a diversity of customers, employees, and business owners. Our historic buildings are home to funky, eclectic businesses that reflect the character of the city, and a creative economy of artists, makers, and innovators is thriving.

As an employer, the City values its workers by paying living wages and offering benefits that ensure both security and opportunity. Businesses of all types that share those values locate, start, and grow in Asheville, offering a wide range of career opportunities and economic mobility. Plentiful educational options, workforce development, access to capital, economic incentives, and a culture that values homegrown businesses make our economy strong. Our public and private partners have demonstrated a unity of purpose. If you do your part, you will find opportunity for success.

A CONNECTED AND ENGAGED COMMUNITY

We pride ourselves on building and growing partnerships – with regional and state governments, nonprofits, the private sector, and neighborhood associations to name a few – to achieve our vision. If you live, work, or play here, you want to be involved and you have a voice. When you join a citizen board or commission, the City provides training and support. Diverse interest groups work together to tackle problems, and neighborhood engagement enables residents to express thoughts, visions, and concrete plans that build a collective and harmonious community. City leaders, officials, and staff members are trusted. City government is transparent, and we use the latest technologies and methods to communicate with, engage, and empower community participants. When you live in Asheville, you belong and are valued.

A FINANCIALLY RESILIENT CITY

Asheville has an AAA bond rating. We use our debt capacity and revenue wisely in order to maintain and improve the City's infrastructure and invest in our public employees. We strive to control our costs and still provide the highest possible level of service. We have a diverse revenue base that enables us to plan far into the future and to benefit from our growth. Our individual and corporate citizens generously invest in our community through partnerships and public/private projects that enrich the quality of life in the city.

Organizational Structure

Fund Accounting

The accounts of the City of Asheville are organized and operated based on funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. While most departments fall within the General Fund, several departments are responsible for managing other funds.

	General Fund	Water Resources Fund	Parking Services Fund	Street Cut Utility Fund	Stormwater Fund	Harrahs Cherokee Center Fund	Transit Fund
DEPARTMENT							
Fire	X						
Police	X						
Parks & Recreation	X						
Community & Economic Development	X					X	
Planning & Urban Design	X						
Development Services	X						
Public Works	X			X	X		
Capital Projects	X						
Office of Sustainability	X						
Office of Equity and Inclusion	X						
Transportation	X		X				X
Administrative Services/City Manager's Office	X						
City Attorney's Office	X						
Communication and Public Engagement	X						
Finance & Management Services	X						
Human Resources	X						
Information Technology Services	X						
Water Resources		X					

Funds included in the City of Asheville's Adopted budget can be grouped into two types: governmental funds and proprietary funds. Governmental funds are those through which most functions of the City are financed. Proprietary funds are used to account for City activities that are similar to those often found in the private sector. Specific City of Asheville funds include:

ORGANIZATIONAL STRUCTURE

General Fund

The General Fund is a governmental fund that encompasses most of the City's day-to-day operations, such as police, fire, refuse collection, street maintenance, and parks and recreation. General Fund operations are primarily funded through property tax dollars but are also supported through sales tax revenue, charges for service, license & permit fees, and investment earnings.

Enterprise Funds

Enterprise Funds are proprietary funds used to account for activities that operate like private businesses, where expenses are primarily financed by revenues derived from user charges. For the City of Asheville, these funds include:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- Harrah's Cherokee Center Asheville (HCCA) Fund
- Stormwater Fund
- Street Cut Utility Fund

Capital & Special Revenue Funds

Capital Funds are used to account for capital replacements and improvements, and Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Funding is provided from operations, federal or state grants, or long-term financing and may be annual appropriations or project appropriations. Appropriations are approved through the Capital Improvement Plan process. Capital & Special Revenue Funds include:

- General Capital Projects Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- Harrah's Cherokee Center Asheville (HCCA) Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

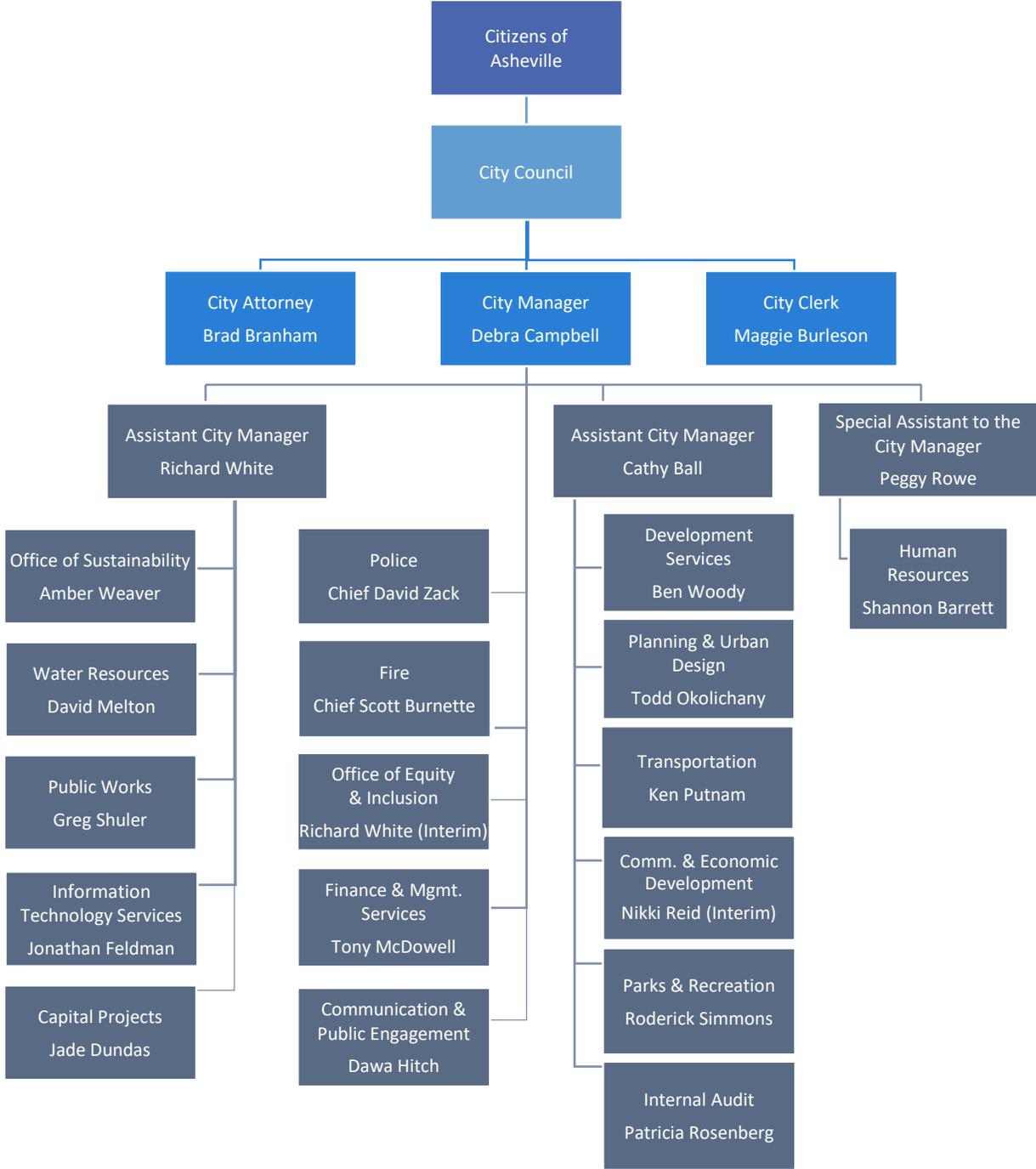
How Funds Interact

City funds interact in a variety of ways. Expenses that occur in one fund are frequently incurred to benefit another fund. When this occurs, the benefiting fund may reimburse the fund providing the goods and services. Examples of such transactions include general government services provided by the General Fund to the Water Resources Fund. Interfund transfers may also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2020-21 budget includes a transfer from the General Fund to the Harrah's Cherokee Center Asheville (HCCA) Fund to support operations. Transfers between funds result in the budgeting of dollars in both participating funds.

ORGANIZATIONAL CHART

Departments & Divisions

Departments are organizational units that provide a major type of public service, such as fire or police protection. Departments are usually subdivided into one or more divisions. For instance, the Police Department consists of three divisions: administration, criminal investigations, and patrol. Often within each division, there are smaller units responsible for performing specific activities. A City organizational chart is presented below:



Budget Process

Budget Preparation Overview

Budget preparation allows departments to reassess their goals and objectives and the strategies for accomplishing them. Even though the budget may be heard by City Council in May and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, and financial capacity. It is against this backdrop that departmental expenditure requests are formulated and reviewed. The FY 2021-22 Budget Calendar is displayed on page A-21.

Financial Forecasting

The annual budget process begins with the Budget Office preparing revenue and expenditure projections. These projections serve as the framework for financial decision-making during the City's annual strategic planning and budgeting process. The Budget Office regularly updates the City's General Fund forecast to account for changes in local, state, and national economic conditions and trends; changes in City Council priorities and policies; and other variables that might affect the City's ability to provide needed services and maintain its financial health in future years.

City Council Strategic Planning

Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The annual strategic planning process begins with the City Council Retreat, at which time Council identifies its goals and priorities for the upcoming fiscal year. Council's directives set the tone for the development of the annual budget.

Departmental Budget Development

In a close collaboration with the Communications and Public Engagement Department (CAPE), the Equity and Inclusion Department, and the Office of Data and Performance (ODAP), the Budget Division led a novel internal process to more deeply understand how budget and service delivery can be changed to address inequities in our community.

In a series of facilitated conversations, department staff were asked to focus on core services and to consider the following questions:

- Who are the most impacted by inequity in our community?
- How do the services your department provides affect those most impacted?
- How can services be adjusted to enhance positive or mitigate negative impact?

Through this work, department staff identified a need for better communication about everything that the City does and the resources required to do it adequately, a point that also came up during the City Council retreat. These are significant challenges that will take time to address, but they also offer an opportunity to increase collaboration and develop structures that will make decisions easier and more transparent. While these changes may require a significant amount of time to implement, they should not require substantial new budgetary resources over the long term.

BUDGET PROCESS

Staff has identified two primary cross-departmental strategies to begin to address these challenges:

Refocus engagement to the neighborhood level

CAPE will lead the effort to create a framework for community engagement that is primarily focused on delivering information and gathering input at the neighborhood level. Regular, on-going conversations can create a clear entry point to provide feedback, and can help to build understanding in the community about city services, challenges, and opportunities. This offers an alternative to complaint-based service delivery, and should reduce project-specific engagement that requires additional staff time to manage. This effort also aligns with existing community capacity-building work, and can be bolstered through both compensating community members to share their lived experiences and providing resources to complete small-scale neighborhood improvements. An additional key component of this work will be to clarify the role of other engagement efforts, especially existing boards and commissions.

Develop a clear data-informed framework for decision making

The city provides an array of services, each with its own complexities. More structured and data-informed processes for prioritizing resource investments and improving services will allow for faster and more transparent decision making and bolster collaboration and engagement with our community. Starting with capital investments, Budget and ODAP will lead the development of a data- and equity-informed framework that involves the community in defining successful outcomes.

In addition to these two citywide efforts, Budget and ODAP will work with departments to identify potential service delivery changes to improve impact and address inequities with the goal of putting a few into practice on a short-term, trial basis.

Budget Adoption

The City of Asheville adopts its annual operating budget in accordance with North Carolina General Statutes (NCGS §159, Local Government Budget and Fiscal Control Act). This act requires that City Council adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The City Manager must submit a balanced budget proposal to the City Council by June 1 of each year, and City Council must adopt the annual Budget Ordinance or an interim budget by July 1. A formal public hearing is required to obtain taxpayer comment before City Council adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

Budget Amendments & Revisions

After the Budget Ordinance is enacted, state law permits City Council to amend it at any time during the fiscal year. Each amendment must continue to adhere to the balanced budget statutory requirements. Amendments may in no way change the property tax levy or alter a taxpayer's liability. Budget revisions are transfers within a fund that do not change the total fund appropriation. Budget revisions do not require City Council approval.

Basis of Budgeting

As required by the North Carolina Local Government Budget and Fiscal Control Act, the budget is prepared and adopted using the modified accrual basis of accounting. Briefly, this means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they

BUDGET PROCESS

are measurable and available. The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Those revenues susceptible to accrual include investment earnings, sales tax, and grants-in-aid earned.

During the year, the City's accounting system is maintained on the same basis as the Adopted Budget. This enables departmental budgets to be easily monitored via monthly accounting system reports. At fiscal year-end, the City's Annual Comprehensive Financial Report is prepared on a basis consistent with generally accepted accounting principles (GAAP). This basis of accounting conforms to the way the City prepares its budget, with a couple of notable exceptions. First, certain items that are referred to as revenues and expenditures in the budget are included as other financing sources and uses in the Annual Comprehensive Financial Report. Also, for financial statement presentation, proprietary (enterprise) funds are adjusted to the full accrual basis. The most significant differences between the budget and Annual Comprehensive Financial Report for proprietary funds are:

- a) capital outlay and debt service principal payments are recorded as expenditures for budgetary purposes, as opposed to adjustments of balance sheet accounts in the Annual Comprehensive Financial Report (GAAP); and
- b) depreciation is recorded as an expense in the Annual Comprehensive Financial Report (GAAP) and not recognized for budgetary purposes.

All outstanding encumbrances on the accounting system on June 30 are carried over into the next year's budget. Outstanding encumbrances at the end of the year do not constitute expenditures or liabilities.

FY 2021-22 Budget Calendar

Item	Date/Deadline
Internal Operating Budget Process Begins	November 16, 2020
Internal review of existing programs and services (operating)	December 2020
Internal review of infrastructure and facility needs (capital)	January – March 2020
City Council Formal Meeting - Adoption of Budget Calendar	January 12, 2021
Internal review of basic services and impact on social, economic and environmental justice	January – February 2021
Community Engagement	March – June 2021
City Council Retreat	March 31 – April 1, 2021
City Council Budget Work Sessions	March 9, 2021 March 23, 2021 April 13, 2021 April 27, 2021 May 11, 2021
City Council Formal Meeting - Adoption of FY 2021-22 Fees & Charges	May 11, 2021
City Council Formal Meeting - Proposed Budget Presentation to City Council	May 25, 2021
City Council Budget Work Session (if needed)	June 8, 2021
City Council Formal Meeting - Budget Public Hearing	June 8, 2021
City Council Formal Meeting - Budget Adoption	June 22, 2021

Financial Policies

The City of Asheville financial policies establish general guidelines for the fiscal management of the City. These guidelines, influenced by the North Carolina Local Government Budget and Fiscal Control Act and sound financial principles, provide the framework for budgetary and fiscal planning. Operating independently of changing circumstances and conditions, these policies inform the decision-making processes of the City Council and City administration.

A. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.
2. Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.
3. The City will integrate performance measures and productivity indicators with the annual budget.
4. The City will prepare a five-year operating budget projection which will include projections of annual growth plus allowances for operating costs of new capital facilities.
5. It is the City’s policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

1. The City will maintain an undesignated fund balance equal to 15% of the General Fund operating budget, with any amount in excess of 15% being credited to a capital reserve account. This transfer shall be made upon completion of the annual financial audit. The City Council may appropriate this transfer through an amendment to the subsequent year’s Budget Ordinance.
2. For all other operating funds, the City shall seek to maintain a minimum fund balance as follows:

Harrah’s Cherokee Center Fund	16% of the operating budget
Parking Fund	8% of the operating budget
Stormwater Fund	8% of the operating budget
Transit Fund	8% of the operating budget (portion may be reflected in General Fund)
Water Fund	100% of operating budget; 365 days of working capital

FINANCIAL POLICIES

C. Interfund Transfers

The City will strive to ensure that enterprise funds are financially self-sufficient; however, the City may budget a transfer from the General Fund to an enterprise fund to ensure operational and/or capital support for the activities of the fund. If financial performance in the enterprise operating fund is better than budgeted, and the enterprise fund meets the reserve standards set forth in Section B of this policy, then any remaining portion of the interfund transfer shall be returned to the General Fund as part of the annual financial audit process.

D. Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be monitored periodically.
2. The City will conduct an annual review of specific programs and services which have been identified as potential opportunities for user fees and for which user fees are charged. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.
3. Regulatory fees shall be set at a level that strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) of providing the service unless statutory restrictions limit the fee amount.
4. Non-regulatory fees are charged for a wide variety of services with the primary purpose of non-regulatory fees being to a) influence the use of the service and b) increase equity.
5. Non-regulatory fees shall be set at a level that is competitive in the marketplace and strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) except when:
 - free or subsidized service provides a significant public benefit;
 - the City has determined that it should influence personal choice to achieve community-wide public benefits;
 - full cost recovery would result in reduced use of the service or limit access to intended users thereby not achieving community-wide public benefits;
 - the cost of collecting the user fees would be excessively high;
 - ensuring the users pay the fees would require extreme measures.

E. Capital Improvement Policy

1. The City will update and readopt annually a five-year capital improvement program which details each capital project, the estimated cost, description, and funding source.
2. The capital improvements plan should be tied to the City's comprehensive growth plan, "Living Asheville, A Comprehensive Plan for Our Future," as well as the City's other adopted Master Plans, to ensure that the capital items requested meet the future growth needs and long-term vision for the City.

FINANCIAL POLICIES

3. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.
4. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.
5. Capital expenditures included in the CIP as a project will cost at least \$50,000 and have a useful life of at least five years. Equipment purchases are considered operating expenses and will not be included in the CIP.
6. Capital facilities to be financed with bond-indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios.

F. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act, Generally Accepted Accounting Principles (GAAP), and standards established by the Governmental Accounting Standards Board (GASB).
2. Full disclosure will be provided in the financial statements and bond representations.
3. A financial system will be maintained to monitor expenditures and revenues on a monthly basis.
4. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.
5. The City's Fiscal Procedures Manual will be maintained as a central reference point and handbook for all activities which have a fiscal impact within the City and will serve as the City's authoritative source for fiscal procedures.

G. Audit Policy

1. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. The City will prepare an Annual Comprehensive Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.
2. When obtaining the services of independent auditors, the City of Asheville shall enter into multiyear agreements of not more than five years in duration through a series of single-year contracts as consistent with applicable legal requirements. It is the City of Asheville's policy that the independent auditor be replaced at the end of the five-year engagement to enhance auditor independence unless lack of competition among audit firms fully qualified to perform public-sector audit make mandatory rotation counterproductive. The principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

FINANCIAL POLICIES

H. Water Utility Policy

1. **Setting Water Rates & Charges:** Charges for the water users shall be set at the level to provide sufficient revenues to cover all annual operating and debt services expenditures, to accumulate funds for the acquisition and replacement of capital equipment and facilities, and to finance the long-term Capital Improvement Plan. As the Water Fund relies solely on user fees, the City of Asheville will continue to be guided by cost-of-service principles with regard to rates, fees and charges, and will operate the water system at the lowest rates consistent with the obligation to provide proper and efficient services, now and in the future. Rate increases will be evaluated annually and implemented with a maximum level of predictability, consistency, and affordability.
2. **Debt Service Coverage:** Utility debt service coverage ratios shall be maintained at a level of 1.25 to 1.5 times coverage or greater (as measured by net revenues, excluding capital contributions, available for debt service divided by total debt service requirements).
3. **Debt to Net Plant:** Utility system debt shall not exceed 70 - 75% (as measured by total long-term debt divided by total net assets).
4. **Cash Financing of Capital:** Annual revenues and cash reserves shall provide no less than 30% of CIP funding.
5. **Service Affordability:** The most commonly used and most cited measure of water service affordability is “percent MHI” – that is, calculating what a year’s worth of water bills for an average level of consumption (e.g., 5,000 gallons/month) is compared to the median household income (MHI) in the community served by the utility. This indicator is easy to calculate by simply using the calculated bill amount and the U.S. Census Bureau’s median household income data from their latest 5-year American Community Survey estimated. The City of Asheville’s percent MHI. The average annual residential bill divided by real median household income shall be < 1.5%.

I. Internal Services Fund Policy

1. Health Fund
 - a. Health Claims Budget and Rate Setting

Health claims shall be budgeted to adequately fund expenses including trend, administrative costs, stop-loss premiums, and risk corridor. Expected claims expenses shall be projected based on annual actual mature claims experience adjusted for trend, enrollment, and plan design and network changes.

Trend is defined as year to year medical inflations influenced by utilization, advances in medical technology, and increasing cost of medical services.

Risk corridor, calculated at 5% of expected claims expenses is defined as the difference between expected claims and the aggregate potential liability on group claims to be funded from current rate resources as opposed to reserves. The amount over the risk corridor represents the risk the employer is accepting in the self-funded plan which, if claims exceeded the aggregate potential liability funded from current rate resources, would be paid from reserves.

FINANCIAL POLICIES

b. Health Fund Reserve Requirement

The health fund shall maintain reserves designed to offset normal variances in claims cost from year to year, unforeseen catastrophic claims beyond reinsurance, larger than expected medical inflation trends, incurred but not reported claims liability, and the impact of future health care legislative mandates.

- i. 100% of the incurred but not reported claims liability with the lag factor based on the prior 12-month average, and
- ii. 100% of reported and not yet paid claims computed as two weeks of annual claims benefits costs, and
- iii. 30% of the aggregate of i and ii above.

Should the health fund fail to meet the required reserve level, the amount needed to restore the fund to the required reserve level shall be funded in subsequent year's rate structure and recovered over a period of not more than three years.

Should the health fund exceed the required reserve level, the amount in excess of the required reserve level shall be credited to the subsequent year's employer health care contribution.

J. Investment Policy

The City of Asheville will demonstrate good stewardship of public funds through an Investment Policy and Program that is transparent, fiscally conservative, aligned with City Council objectives, and in compliance with all State and local requirements.

Governance

The City of Asheville's Investment Policy shall be governed by the North Carolina Budget and Fiscal Control Act, North Carolina General Statute (NCGS) §159, the policies of the Local Government Commission (LGC), and the direction of the City Council.

Purpose and Scope

The City of Asheville's Investment Policy applies to the investment activities of the City of Asheville. All financial assets of the City shall be administered in accordance with the provisions of the Policy. In addition to the Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) shall be governed and controlled by their governing ordinances and by all regulations and rulings applicable to the issuance of such obligations.

Objectives

The objectives of the City's investment activity are, in order of importance, safety, liquidity, and yield.

Safety. The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Funds shall be invested according to NCGS §159-30-33. These statutes provide the authority to invest idle funds and provide the mandatory framework for cash management, reporting, and investment decisions. The statutes outline the investment options open to local

FINANCIAL POLICIES

governments with an emphasis on preservation of capital and mitigation of risk. The City will invest in those institutions collateralized under the Pooling Method, as prescribed under the North Carolina Administrative Code,

Title 20, Chapter 7 (20 NCAC 7). 20 NCAC 7 allows depositories to use an escrow account established with the State Treasurer to secure the deposits of all units of local governments.

Liquidity. The City's investment portfolio should remain sufficiently liquid to enable the City to meet operating requirements that can be reasonably anticipated. Liquidity shall be achieved by maintaining cash equivalent investment balances, matching investment maturities with estimated cash flow requirements, and by investing in securities with active secondary markets. Funds held for future capital projects shall be invested in anticipation of projected cash flow requirements.

Yield. The City's operating portfolio shall be designed with the objective of achieving a market rate of return through all budgetary, economic, and interest rate cycles. The investment program shall seek to augment returns above this threshold consistent with prudent investment principles. This objective is subject to investment risk constraints and liquidity needs as previously stated.

Responsibility and Control

NCGS §159-25(a)6 delegates management responsibility for the investment program to the City's Finance Officer (FO). The FO shall establish and maintain procedures for the operation of the investment program which are consistent with this policy, State statute, the policies of the LGC, and the strategic plan of the City Council of the City of Asheville. The FO may further delegate authority to persons responsible for investment activities and transactions and the FO will establish and maintain a system of controls to regulate the activities of those persons.

In the absence of a FO and those to which he or she has delegated investment authority, the City Manager or his or her designee is authorized to execute investment activities on behalf of the City of Asheville.

Authorized Investments

The City of Asheville's management of cash and investments must comply with the North Carolina Budget and Fiscal Control Act (NCGS §159) and the policies of the LGC. Funds of the City of Asheville may be invested in the instruments described below, all of which are authorized by the Act and the LGC.

- Obligations of the United States
- Obligations of US Government Agencies, including, but not limited to:
 - Federal National Mortgage Association (FNMA)
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corporation (FHLMC)
 - Federal Farm Credit Bank (FFCB)
- Prime quality commercial paper
- Bank certificates of deposit (CDs)
- Liquid deposit accounts

FINANCIAL POLICIES

According to the direction of the City Council, the City shall ensure that financial institutions meeting the following criteria receive full consideration for cash management and investment decision making for bank certificates of deposit:

1. Institution is collateralized under the Pooling Method (see *Safety* above)
2. Institution demonstrates a pattern of community reinvestment aligned with City Council's Strategic Plan
3. Institution has physical location(s) within the City of Asheville city limits
4. Institution provides employment within the city limits

Changes to the governing North Carolina General Statutes and/or the policies of the Local Government Commission will be considered automatically adopted by the City of Asheville as part of this Investment Policy. Any such changes will be included as revisions of or amendments to the policy; however, their implementation by the City is not predicated on inclusion in this document.

Comprehensive Debt Management Policy

Purpose

The purpose of the City of Asheville Comprehensive Debt Management Policy is to provide guidance for the issuance of City debt obligations and the maintenance of the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the City and necessary for essential services.

The City of Asheville issues and manages debt in accordance with the Local Government Bond Act, North Carolina General Statutes (NCGS) Chapter 159, Article 4 which prescribes a uniform system of limitations upon and procedures for the exercise by all units of local governments in NC of the power to borrow money secured by a pledge of the taxing power; and the limitations on local debt as noted in NCGS §159-55. Other applicable provisions to certain debt and debt refunding actions are contained within NCGS Chapter 159, Local Government Finance. Long-term planning to meet the current and future needs of the City requires a sound debt position and guidelines that protect the credit quality of the City.

The City's current bond ratings are:

Moody's: Aaa

Standard & Poor's: AAA

FINANCIAL POLICIES

Scope

These debt guidelines apply to all debt issued by the City in the various funds; noting that there are specific requirements imposed by the type of debt issued which may be inconsistent with, or not applicable to, some portion of these guidelines. Among these limitations are Council and/or voter approval, length of time to issue debt for approved uses, and capital requirements, such as length of asset lives and dollar value of assets financed. Further restrictions are related to the nature of the debt and whether it is general obligation debt (backed by the taxing authority of the City) or debt backed by other specific pledged revenue and/or collateral.

The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues or fund balance except where approved justification is provided. The City will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.

When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project or asset. Target debt ratios will be calculated as part of the annual Budget process and presented as part of the annual CIP process.

Prior to the issuance of new General Obligation (GO) debt, consideration shall be given to forecasted tax rate requirements, ratio of net GO debt to assessed taxable value, net GO debt per capita, and debt service payments to General Fund operating budget.

The City may employ municipal finance professionals to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors.

The City will select a method of sale that is the most appropriate in light of the financial market, transaction-specific conditions, and City-related conditions and in accordance with State law.

The City will use fixed-rate debt in most cases to finance its capital needs; however, the City may issue variable rate debt up to (recommend: 15% or 20%) of its total debt portfolio, when necessary.

Debt structures that result in significant “backloading” of debt will be avoided.

The Finance Director will maintain good communication with bond rating agencies.

- The Finance Director will provide periodic updates on the City’s financial condition.
- Required disclosure on every financial report and bond prospectus will be followed.
- The City may request ratings prior to the sale of securities from the major rating agencies for municipal bond issues.

The City will strive to achieve and maintain the highest credit rating awarded the municipal bond rating agencies.

The City may undertake refinancing of outstanding debt

- When such refinancing allows the City to realize significant debt service savings (net present value savings equal to at least 3.0% of the refunded par amount is currently

FINANCIAL POLICIES

recommended by the LGC) without lengthening the term of refinanced debt and without increasing debt service in any subsequent year; or

- When the public policy benefits outweigh the costs associated with the issuance of new debt and any increase in annual debt service; or
- When a restrictive covenant is removed to the benefit of the City.

The Finance Director shall maintain a system of record-keeping and reporting to meet the arbitrage rebate compliance requirements for the federal tax code.

Responsibility

The Finance Director has primary responsibility for developing, recommending, and monitoring debt financing and debt refunding/restructuring strategies and instruments. The selection and sourcing of financial consultants and service providers is also within the scope of duties of the Finance Director. The Fiscal Services Manager, under the direction of the Finance Director, is tasked with daily operational debt responsibility.

The City Manager and the Finance Director are responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this policy. The City will evaluate the debt policy at least every five years.

Service Providers and Oversight

The City will retain external bond counsel for all debt issues. Bond counsel are attorneys who specialize in all matters related to municipal debt. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

The City shall use a competitive bidding process in the sale of debt to identify its underwriter unless the nature of the issue warrants a negotiated sale. The City shall attempt to award the bonds based on a true interest cost (TIC) basis; however, the City may issue bonds based on a net interest cost (NIC) basis as long as the financial advisor agrees that the NIC basis can satisfactorily determine the lowest and best bid.

The City will retain an external financial advisor, to be selected through a competitive process administered by the City's Finance Department. The utilization of the financial advisor for certain bond sales will be at the discretion of the Finance Department on a case-by-case basis and pursuant to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements, and pricing of municipal securities. For each City bond sale, the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

The Finance Director shall periodically solicit, on a competitive basis, other service providers (escrow agents, verification agents, trustees, etc.) as needed to facilitate the sale of bonds or the post-sale management of bond issues.

All bonds issued under the authority of the Local Government Bond Act are approved by the Local Government Commission. Approval of an application as noted in NCGS §159-51 for a bond issue to the LGC is contingent on criteria established in NCGS §159-52. Such criteria require resolution

FINANCIAL POLICIES

of issues such as low tax collection rate (below 90%), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Issuance of Debt

The scheduling and amount of bond sales and installment purchase transactions will be recommended by the Finance Director and the City Manager. The City Council must approve the sale. These decisions will be based upon the identified cash flow requirements for each project to be financed, market conditions, and other relevant factors including the debt ratios. If the cash requirements for capital projects are minimal in any given year, the City may choose not to issue debt. Instead, the City may fund up-front project costs and reimburse these costs when financing is arranged. In these situations, the City will adopt a reimbursement resolution prior to the expenditure of project funds.

Fixed-rate general obligation bond sales are conducted on a competitive basis by the Local Government Commission (LGC), a division of the Office of the State Treasurer. Variable-rate bonds, revenue and LOBs, and special obligation bonds will be sold on a negotiated basis with the underwriter selection determined through a competitive process. Underwriters will be selected for each issue based on the particular experience and expertise necessary for that issue.

Debt service for each issue will be structured in an attempt to level out the City's total debt service payments over the life of the debt portfolio. This structuring also assists in minimizing the interest payments over the life of the issue. Structuring must take into consideration current market conditions and practices in the municipal finance market.

Arbitrage Compliance

Arbitrage is the profit that results from investing low-yield tax-exempt bond proceeds in higher-yield securities. Federal law requires that investment earnings in excess of the bond yield (arbitrage earnings) must be rebated to the federal government. However, if a jurisdiction meets certain IRS spend-down exceptions for bond proceeds, it is allowed to keep any positive arbitrage interest earnings. Arbitrage regulations apply to all of the City's tax-exempt financings. The Department of Finance will invest bond proceeds at the highest yield possible, consistent with the City's investment guidelines and any restrictions imposed by the governing documents of each series of bonds. The Department of Finance is responsible for monitoring investments and cash flows of the City's bond funds, and contracting for third-party arbitrage compliance calculations on an annual basis.

Credit Ratings

The Finance Director shall be responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with new debt issuance. The ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. Ratings are generally determined by the following four factors:

- Fiscal factors - financial results have the most significant impact on the rating process. This review involves an examination of results of operations, including a review of the actual fiscal performance versus planned budget performance, with deviations from the plan to be explained. The general fund financial statement is examined with emphasis on current financial position and fund balances, as well as three to five-year trends in planning

FINANCIAL POLICIES

and budgeting procedures. Pension liabilities are also important in the analysis process. The early production of the City's Annual Comprehensive Financial Report is a positive step in providing meaningful, valuable, and timely information to the rating agencies.

- Economic factors - the overall economic strength of the City is heavily weighted in the valuation of the City's creditworthiness by diversity of both the economic base and tax base. The diversity of the City's industries reflects its abilities to weather industry-specific downturns as well as general economic recession. In either scenario, stronger surviving industries carry the ailing industries through the period of downturn. In a truly diverse economy, it is rare that all industries will deteriorate to the same level at the same time. The strength of the City's tax base is equally crucial. The City relies on taxes on its residents and businesses for the majority of its revenues. The ability of the City to continue to receive those revenues is directly related to the ability of its taxpayers to pay their taxes. Property values, employment, unemployment, income levels, costs of living, and other factors impacting the wealth of the taxpayers provide an indication of the strength of the City's tax base.
- Debt factors - the City's overall debt burden is considered in the credit analysis process. In addition to government regulated debt ceilings, the City's ability to maintain manageable debt levels and debt service coverage is evaluated. Positive indicators are proper management of existing debt, proactive efforts in identifying and executing financially prudent refunding opportunities and closely matching capital financing structures to the funding needs of the project.
- Administrative and management factors - these factors include the examination of the form of government and assessment of the City's ability to implement plans as well as to fulfill legal requirements. The focus is on the capabilities of the management staff within the City, which is seen as a vital ingredient in assessing its credit quality. Managerial and legislative willingness to make difficult decisions, development of financial policies, and the reliability and continuity of regularly-updated accounting financial information are key. Management that keeps in regular contact with the rating agencies is well-regarded. Continual monitoring of factors impacting credit ratings is provided by the Finance Director. These factors include the avoidance of operating deficits and the maintenance of high collection rates for all revenues.

Use of Rating Agencies

The Finance Director shall be responsible for determining if a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

Credit Enhancement

The City shall seek to use credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Selection of credit enhancement providers should be conducted using a competitive process when practical. Credit enhancement may be used to improve or establish a credit rating on a City debt obligation even if such credit enhancement is not cost-effective if, in the opinion of the Finance Director, the use of such credit enhancement meets the City's debt financing goals and objectives.

Debt Coverage

FINANCIAL POLICIES

In order to enhance future credit ratings, and thereby reduce insurance and/or interest costs, the City will maintain a minimum of 105% operating coverage. Coverage ratios for revenue bonds will be maintained at the levels required in the respective debt covenants. Coverage ratios will be monitored and reported as part of the City's annual debt affordability analysis. The City's water system revenue bonds contain rate covenants that require the annual current operating receipts exclusive of transfers (i.e. rate and fee charges for services – not fund balance transfers), and net of annual current expenses, be sufficient to pay for the annual current water debt service. This amount generally is required to be not less than 120% of the parity debt service and 100% of all debt service in the fund. The City is generally obligated to adjust rates and fees to sufficiently provide for the maintenance of debt coverage ratios.

Reporting

Required annual reporting on debt is contained in the Annual Comprehensive Financial Report. This publication is available on the City's website.

The Finance Director presents debt benchmarking data to the City Council which includes but is not limited to per capita debt, debt to assessed valuation, and outstanding and authorized GO debt. Benchmarking will also include historical and comparative data for selected North Carolina municipalities. This will be presented in connection with the annual CIP presentation to City Council.

The City will provide full, accurate disclosure of all material information to investors, lenders, and other financing participants necessary for such parties to make an informed judgment about the City's debt and financial condition. At a minimum, this information shall be provided to such parties from issuance of the debt to its retirement. The City will follow established market practices and contract for necessary services to provide such disclosure. To fulfill the need for both initial (at the time of issuance) and continuing disclosure, the City will follow the guidance of the Government Finance Officers Association (GFOA), including its Disclosure Guidelines publication. The City will also disclose all bond sales, annually file certain financial information and operating data related to the bonds with the national and state repositories, and prepare announcements of significant events to meet the Securities and Exchange Commission to meet their requirements of Rule 15c-12 by complying with reporting requirements in the Electronic Municipal Market Access (EMMA) data port. It is through this website that all annual event and other material event notifications are posted and reported to the Municipal Securities Rulemaking Board (MSRB).

FINANCIAL POLICIES

GLOSSARY

Arbitrage: With respect to the issuance of municipal securities, arbitrage refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding securities. Internal Revenue Code of 1986, Section 148 generally restricts the ability to earn arbitrage in connection with tax-exempt bonds. In the case of an arbitrage rebate payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds, the payment represents the amount of arbitrage earnings on bond proceeds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer is generally required to perform certain calculations every five years during the life of the bonds to determine whether an arbitrage payment must be made. These calculations cease to be required when all bond proceeds are fully expended. These calculations are very detailed and specific and are almost exclusively performed by firms that are knowledgeable in this arena and are called 'arbitrage rebate calculators'.

Backloading Repayment Costs: The City will seek to structure debt with level principal and interest costs over the life of the debt. Backloading of costs will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the City's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

Bond Counsel: The City will retain external bond counsel (who must be an attorney) for all debt issues. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance and determining the debt's federal income tax status. Bond counsel will be selected through a competitive process administered jointly by the City's Department of Finance and the City Attorney's Office.

Bond Rating: An evaluation of the credit risk associated with a particular bond issue by internationally recognized independent rating agencies (Moody's, Standard & Poor's or Fitch). The City of Asheville currently enjoys a general obligation rating of Aaa/AAA which indicates the City is viewed as having an extremely strong ability to repay debt obligations.

Bond Covenant: A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or bond indenture.

Bond Indenture: A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.

Bonds: A debt obligation, or a written promise to pay back an amount (face value of the bond), plus interest, by way of periodic payments within a specified period of time.

Competitive Sale: With the exception of GO bond sales that are conducted by the LGC, the City will seek to issue its debt obligations using a competitive process unless it is determined by the Director of Finance that an alternative sale method will produce better results for the City.

Conduit Debt: Debt issued by the government to provide capital financing for a third party that is not part of the government; the third party, not the government, is responsible for repaying the debt through lease or loan payments to the government.

FINANCIAL POLICIES

Continuing Disclosure: The requirement for all bond issuers to provide on-going disclosure information to established national information repositories and maintain compliance with disclosure standards promulgated by state and national regulatory agencies. This mandatory and important reporting is due each January 31. Reporting guidelines and sample documents are provided by the LGC.

Cost and Fees: Where practical, all costs and fees related to issuance of bonds will be paid out of the proceeds of the bond issue.

Credit Enhancement: Credit enhancements encompass a variety of provisions that may be used to reduce the credit risk of an obligation. Credit enhancements are often incorporated into debt instruments. Examples include: collateralization, where one or more parties may agree to post collateral and collateral levels, may be fixed or variable over time; third party loan guarantees; letters of credit issued by a financial institution; bond insurance where an insurance policy may provide for compensation in the event that a party defaults and surety bonds where a surety (third party) ensures that the principal party (the City) obligations to the obligee (bondholders) will be performed.

Debt Covenant: Legal obligations contained in a bond issue document such as a covenant for a specified debt service coverage ratio.

Debt Coverage Ratio: A bond covenant or obligation, the ratio is a stipulated formula measurement of the amount of net revenues available from specified revenues to cover required annual debt service payments. The ratio amount and formula for calculation are included in the particular bond document.

Debt Instruments: Consistent with the limitations of the Local Government Bond Act the City provides for long-term financing needs through the use of, but not limited to, general obligation bonds, limited obligation bonds, certificates of participation, revenue bonds, installment sales/lease obligations, and private placements. Debt obligations are generally approved locally and by the Local Government Commission as required by state statute. Referenda, notices, and public hearings, again as required by state statutes, are conducted prior to final debt approval and issuance.

Debt Limits: The City will not issue general obligation bonds if such issuance would cause the City to default on or breach the covenants of any prior bonds. In addition, the aggregate limit should be the lower of the limit set forth in NCGS §159-55 (8% of the total assessed value of all real and personal property revenues within the City's limits) or a set target debt limit or ratios established by the City Council.

Debt Service: The periodic repayment to creditors/holders of debt principal and interest on debt obligations.

Defeasance: To set aside sufficient money to retire outstanding debt. A full defeasance results in release from covenants and contractual obligations contained in the bond documents. Defeasance funds result from refunding of original debt issues. (This may also be known as an advance refunding.)

Finance Officer: The City officer performing the duties of finance officer of a unit of local government pursuant to NCGS §159-24 of the Local Government Budget and Fiscal Control Act is the unit's Finance Officer. The City of Asheville's Finance Officer is the Finance Director.

FINANCIAL POLICIES

Financial Advisor: The City will retain an external financial advisor, to be selected for through a competitive process administered by the City's Department of Finance. The utilization of the financial advisor for certain bond sales will be at the discretion of the Department of Finance on a case-by-case basis and pursuant to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements, and pricing of municipal securities. For each City bond sale, the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

General Obligation Bonds: The City may borrow money from lenders, pledging the full faith and credit of the City to pay the loan through tax revenue. This type of bond requires both the approval of voters through the referendum process and the approval of the Local Government Commission. The City sells general obligation bonds ("GO bonds") to pay for expenses associated with capital projects or any public improvement as described in NCGS §159-48. Bond sales are held as needed based on cash flow needs of the projects being financed. The City may also issue GO debt under the 2/3 rule, wherein the City may issue up to 2/3 the value of GO debt retired in the prior year so long as no new GO debt was issued in the same year.

Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to the useful life of the asset. Debt issues that include multiple projects with different useful lives can be split into segments with different term lengths. Alternatively, a blended useful life for the projects to be financed can be used to determine the term of the debt.

Limited Obligation Bonds ("LOBs") or Certificates of Participation Bonds ("COPs"): This is an alternative financing method requiring no voter approval. The City may enter into LOBs or COPs, which are essentially installment sale contracts, for buildings or equipment using the building or equipment to secure the financing. These bonds should only be used when the property being financed has sufficient value to secure the debt and will survive the term of the financing. Issuance of LOBs or COPs will be made in accordance with the provisions of NCGS §159-153 and with the approval of the Local Government Commission.

Local Government Commission: All bonds issued under the authority of the Local Government Bond Act are approved by the Local Government Commission. Approval of an application as noted in NCGS §159-51 for a bond issue to the LGC is contingent on criteria established in NCGS §159-52. Such criteria require resolution of issues such as low tax collection rate (below 90%), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Negotiated Sale: When determined to be appropriate by the Director of Finance, the City may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. Selection of the underwriter or underwriting syndicate shall be made pursuant to selection procedures set forth in these debt guidelines.

Private Placements: Debt may be privately placed with a lending institution when private placement will enhance the attractiveness of the offering consistent with the receipt of the lowest true interest cost possible. The LGC must approve the use of all private placements in accordance with NCGS §159-153.

Referendum: The process by where voters determine the City's ability to sell General Obligation Bonds. This generally occurs in connection with November elections.

FINANCIAL POLICIES

Revenue Bonds: Bonds issued by the City that are backed with specified revenue sources from an enterprise fund for which the bonds were issued. The City's enterprise funds include fee for service business activities, such as the Water Fund, the Parking Fund, and the Stormwater Fund. The City may borrow money from lenders, pledging the revenues from charges and fees of the enterprise fund to repay the debt. Revenue bonds do not require voter approval. Issuance of revenue bonds will be made in accordance with the provisions of NCGA 159-5 and with the approval of the Local Government Commission.

True Interest Cost ("TIC") and Net Interest Cost ("NIC"): Methods used to select the lowest effective interest cost bid in competitive bid sales. NIC is an average interest cost rate for a bond issue, calculated on the basis of simple interest (not compound interest). *The NIC calculation does not take into consideration the time value of money.* The winning NIC bid may not provide the lowest effective interest cost in present value terms. TIC is the internal rate of return that will be paid by the issuer to investors. It is the interest rate that discounts the debt service payable for a bond issue to its present value, or net proceeds. Because TIC takes into account the time value of money, it is generally considered to be a more accurate measure of the issuer's true cost of borrowing than the NIC.

Two-thirds Bonds: The City is authorized to issue general obligation debt under the 2/3 rule, established by state statute, wherein the City may issue new GO bonds up to 2/3 the value of the general obligation debt retired in the prior year so long as no other new general obligation debt was issued in the same year.

Underwriter: Investment banking entity or groups of such entities that purchase, for resale to the public, bonds or other debt obligations issued by the City and/or LGC on the City's behalf. This professional may also be referred to as an Investment Banker or bookrunner.

Voter Authorization: The City will seek voter authorization to issue general obligation bonds as directed by the City Council, and in accordance with NCGS §159-49. Such authority will be sought only after it is determined that the project costs are eligible and appropriate for multi-year financing.

Budget Summary: All Funds

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
REVENUES						
General Fund	128,349,926	130,946,772	134,763,570	134,833,570	137,150,283	145,233,553
Water Resources	40,246,882	40,377,680	33,235,312	33,235,312	33,069,935	36,735,312
Transit Services	8,839,527	8,961,123	12,256,653	12,822,841	12,173,771	13,167,309
Parking Services	6,816,291	5,293,331	6,647,680	6,647,680	3,470,313	7,077,680
Stormwater	6,394,689	6,563,805	6,580,342	6,580,342	5,638,387	6,780,342
Harrah's Cherokee Center	4,486,479	4,592,821	3,804,058	3,804,058	1,325,473	4,525,894
Street Cut Utility	1,679,468	1,867,200	1,877,104	1,877,104	1,654,050	1,852,678
Total	196,813,261	198,602,731	199,164,719	199,800,907	194,482,213	215,372,768
Interfund Transfers	(11,249,773)	(13,436,166)	(14,408,389)	(14,408,389)	(14,408,184)	(14,851,711)
Net Revenues	185,563,488	185,166,565	184,756,330	185,392,518	180,074,029	200,521,057
EXPENDITURES						
General Fund	126,632,326	130,398,473	134,763,570	134,833,570	133,406,230	145,233,553
Water Resources	38,620,733	39,974,235	33,235,312	33,235,312	32,077,097	36,735,312
Transit Services	8,587,388	10,517,571	12,256,653	12,822,841	12,730,633	13,167,309
Parking Services	6,814,576	6,008,839	6,647,680	6,647,680	5,788,633	7,077,680
Stormwater	6,152,232	5,291,580	6,580,342	6,580,342	5,615,412	6,780,342
Harrah's Cherokee Center	5,391,714	4,263,798	3,804,058	3,804,058	2,984,484	4,525,894
Street Cut Utility	1,903,126	1,731,460	1,877,104	1,877,104	1,633,957	1,852,678
Total	194,102,096	198,185,956	199,164,719	199,800,907	194,236,445	215,372,768
Interfund Transfers	(11,249,773)	(13,436,166)	(14,408,389)	(14,408,389)	(14,408,184)	(14,851,711)
Net Expenditures	182,852,323	184,749,790	184,756,330	185,392,518	179,828,261	200,521,057

Note: The FY 2020-21 Amended Budget reflects the FY 2020-21 Original Budget plus revisions and budget amendments approved since July 1. In order to present a more representative comparison across budget years, the Amended Budget does not include contracts, purchase orders, and other carry-over appropriations from prior years.

BUDGET SUMMARY: ALL FUNDS

Budget Sources and Uses by Fund

	General Fund	Water Resources	Transit Services	Harrah's Cherokee Center	Stormwater Utility	Parking Services	Street Cut Utility
SOURCES OF FUNDS							
Property Tax	78,512,370	-	-	-	-	-	-
Sales & Other Taxes	32,548,276	-	-	-	-	-	-
Intergovernmental	12,634,744	-	3,811,302	-	-	-	-
Licenses & Permits	5,385,295	-	350,000	-	398,000	-	-
Sales & Services	12,097,770	36,285,312	512,200	3,092,474	6,162,069	120	1,752,618
Investment Earnings	623,000	400,000	-	50,000	8,773	42,420	-
Miscellaneous	2,758,641	50,000	-	179,000	11,500	7,035,140	60
Other Sources	673,457	-	8,493,807	1,204,420	200,000	-	100,000
Total Revenue	145,233,553	36,735,312	13,167,309	4,525,894	6,780,342	7,077,680	1,852,678
USES OF FUNDS							
Salaries & Wages	64,344,509	8,179,300	243,052	1,237,018	2,600,276	1,630,839	526,121
Benefits	27,530,256	3,863,938	106,553	619,675	1,207,352	661,220	258,318
Operating Costs	28,650,495	9,062,028	12,628,708	1,813,137	1,316,413	1,551,992	714,987
Interfund Transfers	8,246,352	2,832,556	188,996	1,985,141	1,072,724	321,914	204,028
Capital & Debt	16,461,941	2,797,490	-	1,422,709	583,577	359,929	149,224
Total Expenditures	145,233,553	36,735,312	13,167,309	4,525,894	6,780,342	7,077,680	1,852,678

Budget Summary: Expenditures

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES BY CATEGORY						
Salaries & Wages	65,455,735	68,710,694	69,899,848	69,718,050	67,623,009	76,566,825
Benefits	27,775,197	29,305,897	30,781,656	30,619,044	30,198,035	33,345,478
Operating Costs	47,189,628	48,106,732	54,402,928	55,266,408	52,382,361	58,833,884
Capital & Debt	42,431,763	38,626,467	29,671,898	29,789,017	29,624,855	31,774,870
Net Expenditures	182,852,323	184,749,790	184,756,330	185,392,518	179,828,261	200,521,057

Expenditure Highlights

Overall, the City’s net FY 2021-22 budget, which totals \$200.5 million, shows a \$15.8 million or 8.5% increase compared to the FY 2020-21 original budget. The City’s adopted General Fund budget totals \$145.2 million, an increase of \$10.4 million or 7.8% compared to the FY 2020-21 original budget.

The FY 2021-22 budget for personnel costs (salaries, wages and benefits) includes \$7.9 million to fully implement the Archer Compensation Study recommendations for employees on the public safety pay plans, and increases compensation for all other employees to the greater of the new Archer-recommended minimum pays or a 2.5% pay increase. The charts below show implementation cost estimates by fund and by pay ranges.

Compensation Costs	To Min. or 2.5%	Police (Sworn)	Fire	Total
General Fund*	\$ 2.28 M	\$ 1.66 M	\$ 2.72 M	\$ 6.67 M
Water	\$ 0.91 M	-	-	\$ 0.91 M
Parking	\$ 0.05 M	-	-	\$ 0.05 M
Street Cut	\$ 0.03 M	-	-	\$ 0.03 M
Stormwater	\$ 0.25 M	-	-	\$ 0.25 M
Total	\$ 3.52 M	\$ 1.66 M	\$ 2.72 M	\$ 7.92 M

*Includes HCCA & Transit, enterprise funds that are supported by General Fund revenues.

BUDGET SUMMARY: EXPENDITURES

Estimated Current Annual Salary for Position	Estimated Additional Budget for Implementation	FTEs
\$30,000 & below	\$ 244,000	20.5
\$30,001 – \$40,000	\$ 2,715,000	388.0
\$40,001 – \$50,000	\$ 2,591,000	416.0
\$50,001 – \$60,000	\$ 1,355,000	238.0
\$60,001 – \$70,000	\$ 476,000	95.0
\$70,001 – \$80,000	\$ 264,000	73.0
\$80,000 – \$90,000	\$ 98,000	29.0
\$90,001 – \$100,000	\$ 60,000	21.0
\$100,001+	\$ 119,000	29.0
Total	\$ 7,922,000	1,309.5

Personnel Costs (Salaries, Wages, and Benefits)

The budget restores full funding to positions that were held vacant during FY 2020-21, at a cost of \$1.1 million. Enhanced employee benefits are also provided, including two new paid holidays (Juneteenth and Veteran’s Day), eight weeks of paid parental leave, and six weeks of paid leave for care of a qualified family member with a serious health condition.

Based on claims trends, the City was able to keep both employer and employee contributions to the health insurance program flat for the fourth consecutive fiscal year. The adopted budget does include a \$700,000 (1.2%) Citywide increase in the required employer contribution to the Local Government Employee Retirement System (LGERS).

Operating Costs

Citywide operating costs are up \$4.4 million or 8.1% compared to the Adopted FY 2020-21 Budget. Approximately \$900,000 of this increase is in the Transit Services Fund. As discussed in the City Manager’s Budget Message, this increase will be used to implement transit service enhancements in October 2021 that were recommended in the Transit Master Plan.

An additional \$430,000 is included in Parking Services to reflect off-street parking fee changes. Harrah Cherokee Center - Asheville includes an additional \$722,000 expected from a return to normal operations.

In the General Fund, operating costs are up approximately \$2.7 million, including \$382,000 for previously approved economic incentive payments, \$289,000 for recycling services, and an additional \$200,000 for storm response materials. An additional \$150,000 was also added to support a new neighborhood grant program.

BUDGET SUMMARY: EXPENDITURES

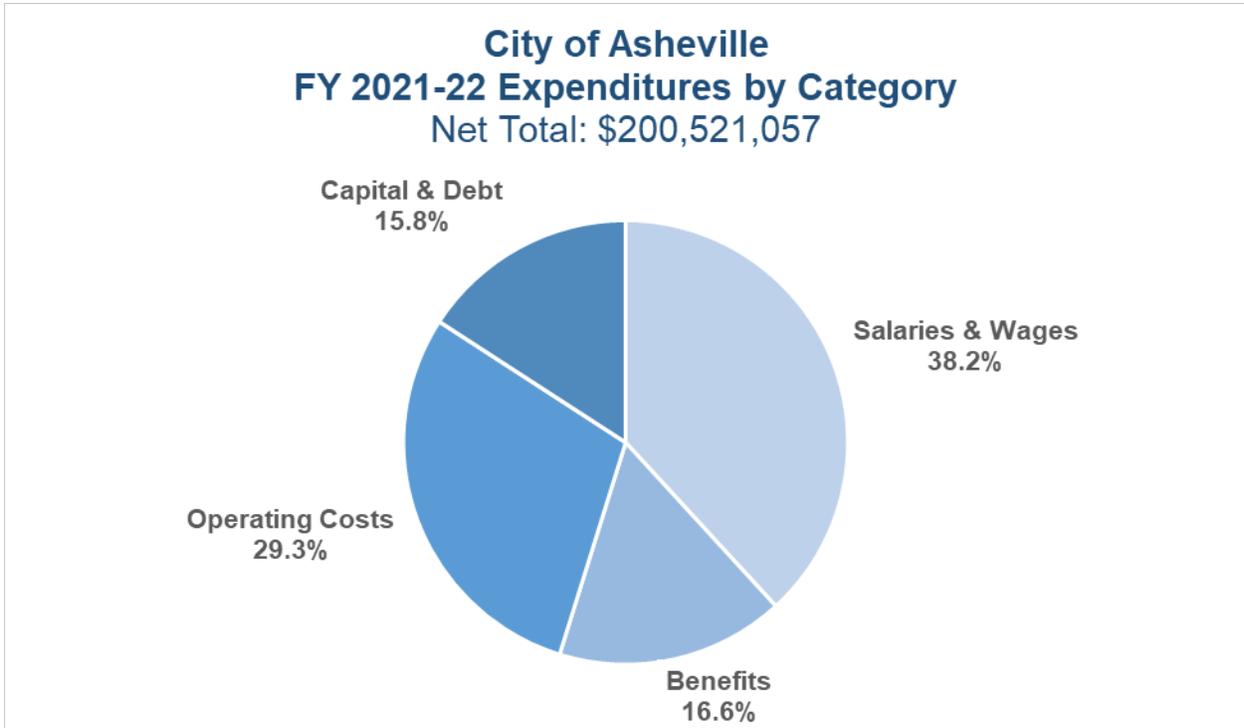
Debt Service/Capital Costs

The debt service and capital category includes annual debt service payments on the City's existing and planned debt issuances, as well as capital purchases in departmental operating budgets, pay-as-you-go transfers to the City's various capital project funds, and funding for the General Fund multi-year capital model. For FY 2021-22, the Citywide total budget for these expenses is approximately \$31.8 million.

The debt service and capital budgets are up partially due to the \$2.5 million increase in the Water Resources Fund transfer to capital. The fee realignment package that Council approved on May 11 allowed the City to begin restoring funding to the Water capital program following the repeal of the Water CIP fee.

Funding for the General Fund multi-year capital model is held flat for the second consecutive year. However, due to lower interest rates and revised spending schedules on existing projects, the Capital Improvement Program (CIP) budget has capacity to support an additional \$2 million in annual capital spending with existing resources. This newly identified capacity will be used to support additional investments in sidewalks, road resurfacing, facilities, and other infrastructure.

BUDGET SUMMARY: EXPENDITURES



Budget-to-Budget Expenditure Comparison

	2020-21 Original Budget	2021-22 Adopted Budget	Change from Prior Year	
EXPENDITURES BY TYPE				
Salaries & Wages	69,899,848	76,566,825	6,666,977	9.5%
Benefits	30,781,656	33,345,478	2,563,822	8.3%
Operating Costs	54,402,928	58,833,884	4,430,956	8.1%
Capital & Debt	29,671,898	31,774,870	2,102,972	7.1%
Net Expenditures	184,756,330	200,521,057	15,764,727	8.5%

Budget Summary: Revenues

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
REVENUE SOURCES						
Property Taxes	65,295,336	69,095,855	71,397,852	71,397,852	72,729,038	78,512,370
Other Taxes	27,078,855	27,893,002	27,330,684	27,330,684	30,690,074	32,548,276
Intergovernmental	14,483,261	12,796,974	16,162,931	16,729,119	16,187,982	16,446,046
Licenses & Permits	6,529,403	6,263,638	6,250,450	6,250,450	5,975,351	6,133,295
Sales & Services	62,256,245	62,385,734	55,600,323	55,600,323	51,706,595	59,902,563
Investment Earnings	4,082,831	3,623,737	1,021,193	1,021,193	1,029,171	1,124,193
Miscellaneous	10,826,000	8,655,074	9,926,840	9,926,840	6,657,457	10,034,341
Other Revenues	6,261,330	7,888,717	11,474,446	11,544,446	9,506,545	10,671,684
Total	196,813,261	198,602,731	199,164,719	199,800,907	194,482,213	215,372,768
Interfund Transfers	(11,249,773)	(13,436,166)	(14,408,389)	(14,408,389)	(14,408,184)	(14,851,711)
Net Revenues	185,563,488	185,166,565	184,756,330	185,392,518	180,074,029	200,521,057

Property Taxes

The property tax, which comprises 39% of total revenue, is the single largest source of revenue for the City. The Buncombe County Tax Office recently completed a property revaluation with new values set to take effect for the 2021-22 fiscal year.

The City’s revenue neutral tax rate for FY 2021-22 is 38.3 cents per \$100 of assessed valuation. As discussed in the Manager’s Transmittal Letter, the adopted tax rate for FY 2021-22 is 40.30 cents, which is 2 cents above the revenue neutral rate. The adopted tax rate will provide additional revenue necessary to invest in key Council, community, and organizational priorities.

Other Revenues

Sales and services revenue shows a \$4.3 million or 7.7% increase in the FY 2021-22 Budget. Most of that increase (\$3.5 million) is from the rate realignment adjustments in the Water Resources Fund that City Council approved at its May 11, 2021 meeting. Sales and services revenue is up due to the fact that the Harrah’s Cherokee Center - Asheville is expected to resume normal operations in FY 2021-22 with an extensive event schedule.

Through the first eight months of the current fiscal year, sales tax revenue was up 7.7%. Staff had forecasted that sales tax revenue would be down 5% to 10% at this point due to the impacts of COVID-19. The unexpectedly positive sales tax performance is likely due to consumers reallocating spending from untaxed services to taxable goods, and to the implementation of a new requirement for online marketplaces to collect and remit sales tax on purchases in North Carolina. For the year, staff is projecting that sales and other taxes revenue will exceed the original budget by \$3.4M. Forecasts at the state and national levels are projecting economic growth will continue

BUDGET SUMMARY: REVENUES

next fiscal year as rates of new coronavirus infections decline and more of the population gets vaccinated. Based on those projections, staff is budgeting a 6.6% increase in sales taxes in FY 2021-22.

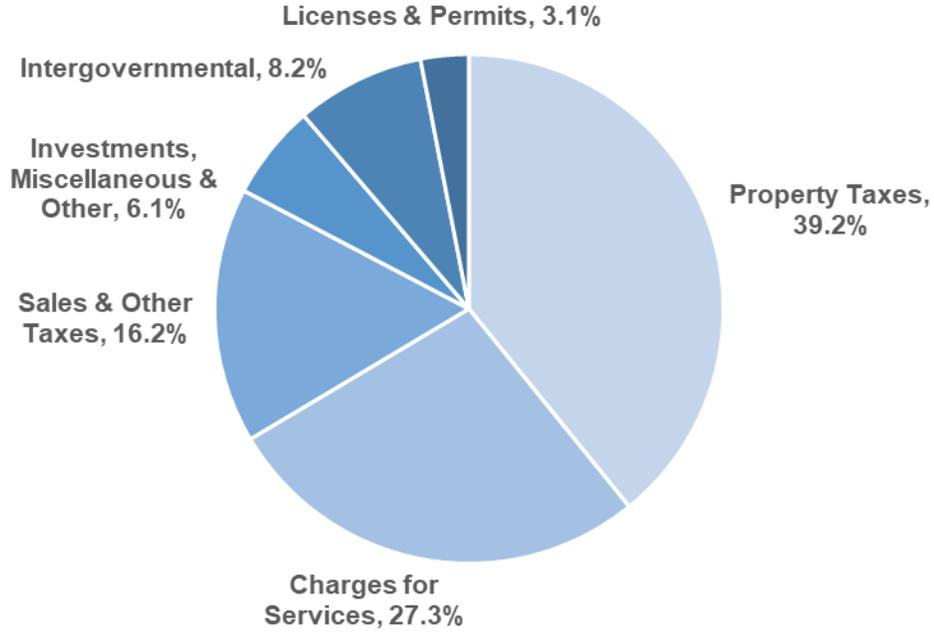
Compared to the FY 2021-22 original budget, the intergovernmental revenue budget Citywide is up approximately \$283,00 or 1.8%, primarily due to additional federal grant funding provided for transit. This additional revenue is offset in part by declining trends in utility tax revenue shared by the state.

Other operating revenue categories, such as Licenses and Permits, Investment Earnings, and Miscellaneous, are all essentially flat compared to the FY 2020-21 Adopted Budget.

The Other Financing Sources category includes items such as interfund transfers and fund balance appropriations. The FY 2021-22 adopted budget for Other Financing Sources is down primarily due to the elimination of fund balance appropriations that were budgeted in FY 2020-21 in response to expected lower revenues due to the coronavirus pandemic.

BUDGET SUMMARY: REVENUES

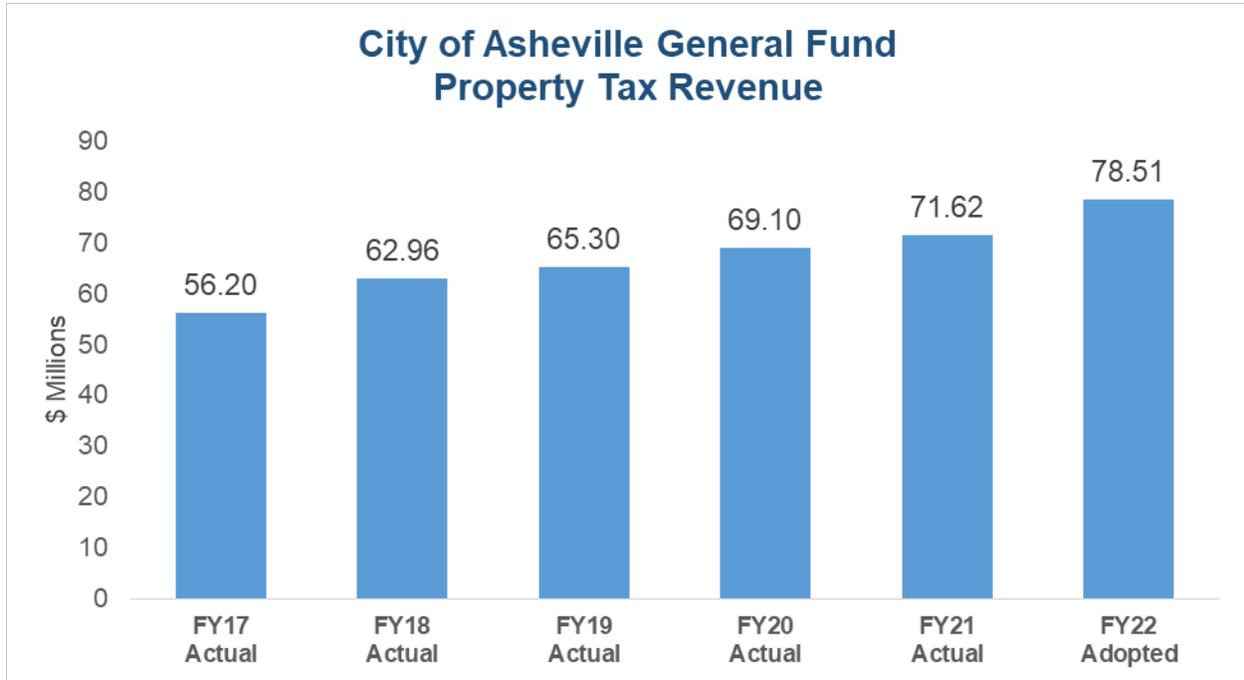
City of Asheville FY 2021-22 Revenues by Source Net Total: \$ 200,521,057



Budget-to-Budget Revenue Comparison

	2020-21 Original Budget	2021-22 Adopted Budget	Change from Prior Year	
EXPENDITURES BY TYPE				
Property Taxes	71,397,852	78,512,370	7,114,518	10.0%
Other Taxes	27,330,684	32,548,276	5,217,592	19.1%
Intergovernmental	16,162,931	16,446,046	283,115	1.8%
Licenses & Permits	6,250,450	6,133,295	(117,155)	-1.9%
Sales & Services	55,600,323	59,902,563	4,302,240	7.7%
Investment Earnings	1,021,193	1,124,193	103,000	10.1%
Miscellaneous	9,926,840	10,034,341	107,501	1.1%
Other Revenues	11,474,446	10,671,684	(802,762)	-7.0%
Total	199,164,719	215,372,768	16,208,049	8.1%
Interfund Transfers	(14,408,389)	(14,851,711)	(443,322)	3.1%
Net Revenues	184,756,330	200,521,057	15,764,727	8.5%

BUDGET SUMMARY: REVENUES



General Fund Property Taxes

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
PROPERTY TAXES						
Current Year	61,790,006	65,829,549	67,889,087	67,889,087	69,154,853	75,021,946
Registered Motor Vehicles	3,197,513	3,116,270	3,202,916	3,202,916	3,262,634	3,260,123
Prior Years & Penalties	307,817	150,035	305,849	305,849	311,551	230,301
Total	65,295,336	69,095,855	71,397,852	71,397,852	72,729,038	78,512,370

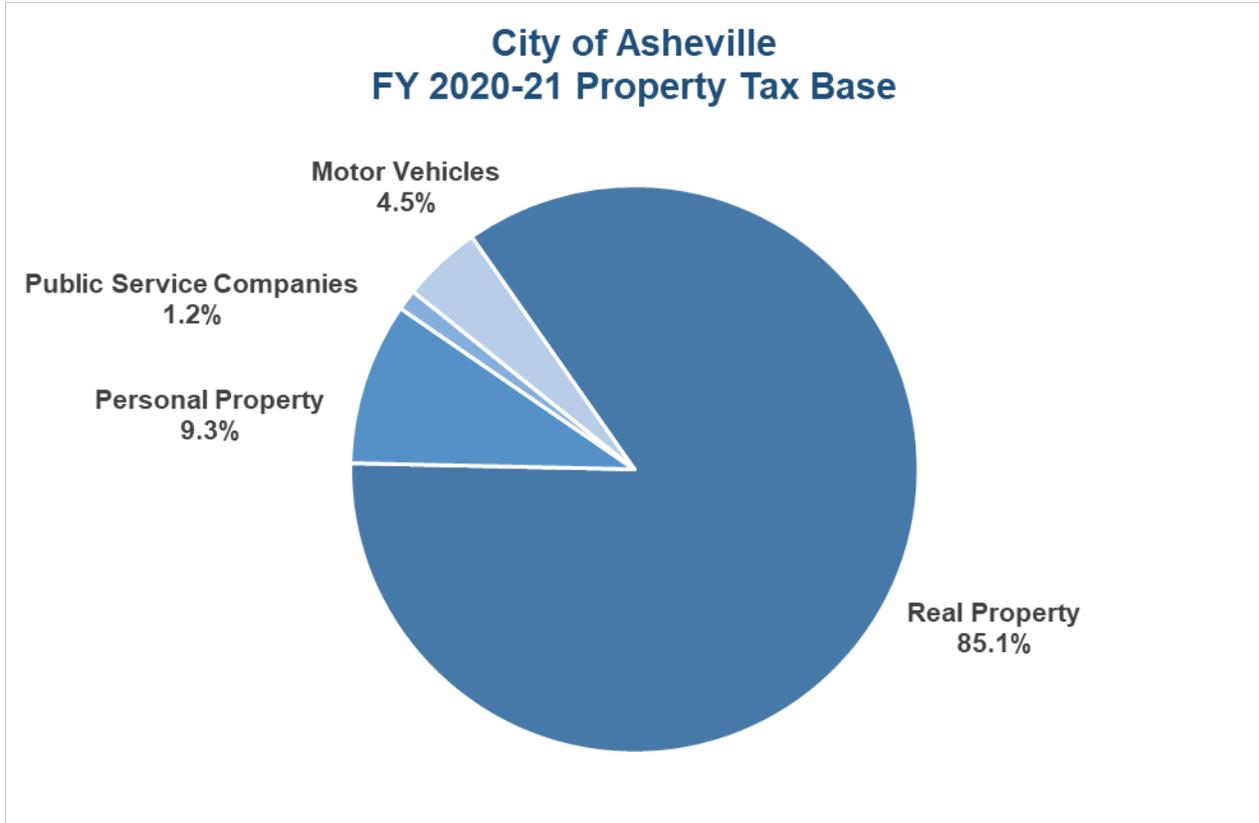
Trends & Assumptions

The property, or ad valorem, tax is the largest funding source for general government services, providing 54% of the City's total FY 2021-22 General Fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is typically revalued every four years, while personal and utility values are adjusted annually. Values from the most recent general reappraisal of real property will become effective in FY 2021-22.

The adopted property tax rate for FY 2021-22 is 40.30 cents per \$100 of assessed valuation, which is two cents above the revenue-neutral rate of 38.30 cents per \$100 of assessed valuation.

After several years of slow growth following the economic recession, the City's tax base growth has picked up over the last few fiscal years, as evidenced by the data shown on page B-11.

BUDGET SUMMARY: REVENUES

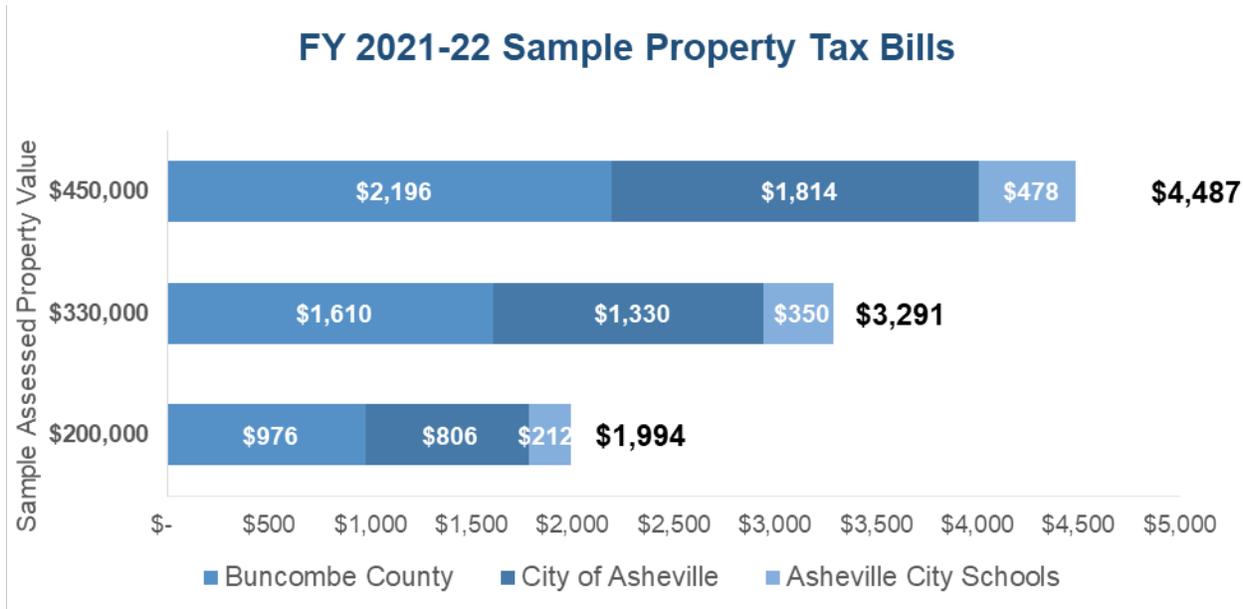
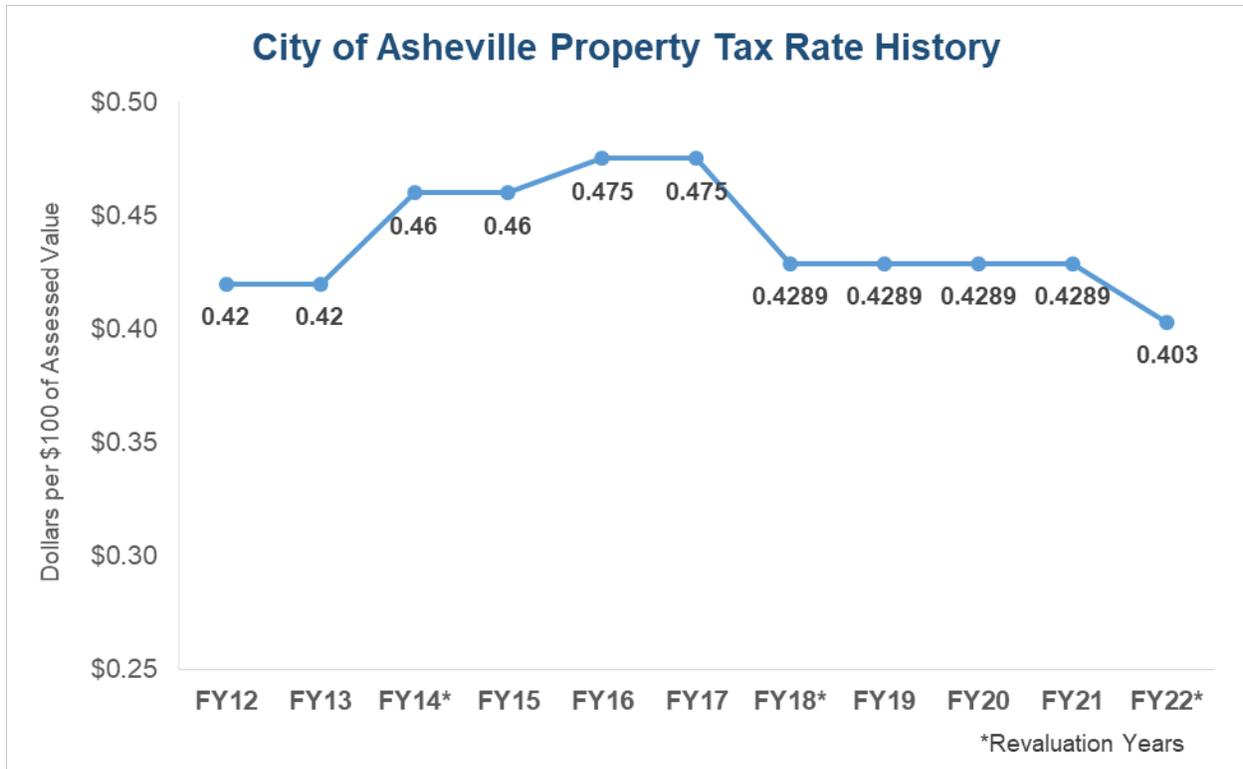


Assessed Valuation History

	2016-17	2017-18*	2018-19	2019-20	2020-21
MAJOR PROPERTY CATEGORIES (value in thousands)					
Real Property	10,044,166	12,655,952	13,236,741	14,132,777	14,479,706
<i>Change from Prior Year</i>	2.50%	26.00%	4.59%	6.77%	2.45%
Personal Property	867,846	869,386	892,630	985,420	1,574,548
<i>Change from Prior Year</i>	13.90%	0.18%	2.67%	10.40%	59.78%
Public Service Companies	213,802	213,978	218,580	199,590	200,598
<i>Change from Prior Year</i>	-1.53%	0.08%	2.15%	-8.69%	0.50%
Motor Vehicles	676,644	719,248	743,651	723,905	766,658
<i>Change from Prior Year</i>	6.92%	6.30%	3.39%	-2.66%	6.04%
Total Tax Base	11,802,458	14,458,564	15,091,601	16,041,693	17,021,510
<i>Change from Prior Year</i>	3.43%	22.50%	4.38%	6.30%	6.11%

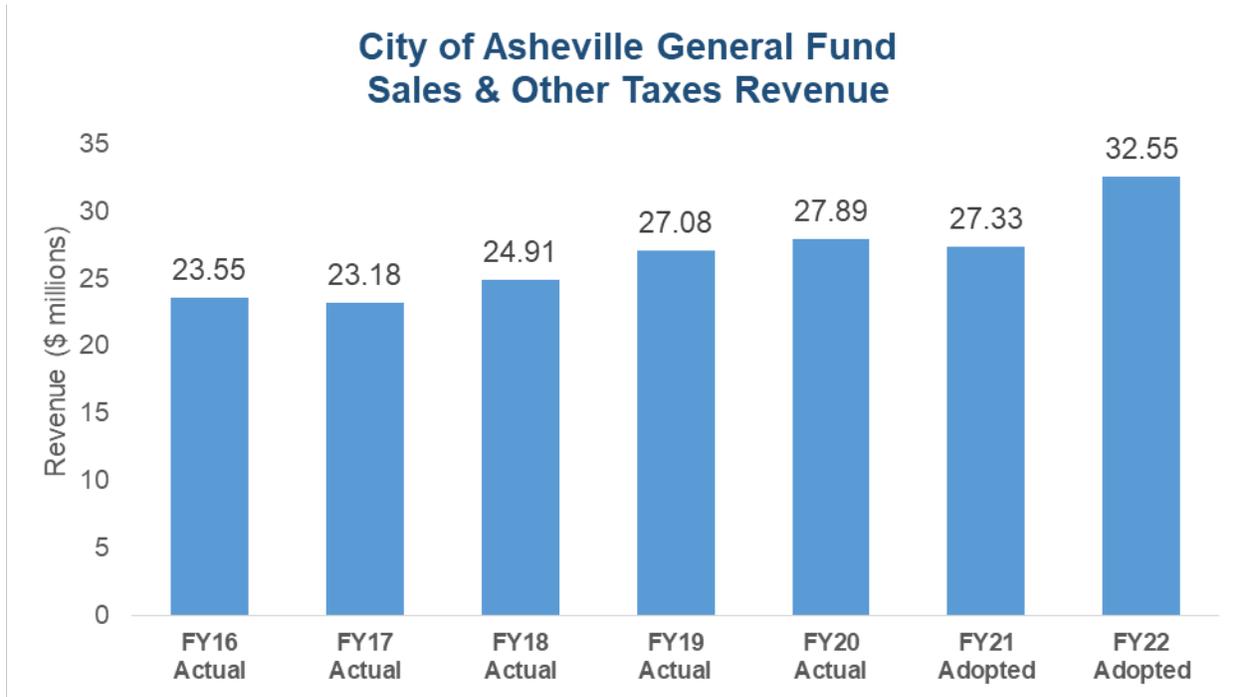
*Revaluation Year

BUDGET SUMMARY: REVENUES



Notes: City of Asheville tax rate: 40.30 cents per \$100 of assessed valuation.
 Buncombe County tax rate: 48.8 cents per \$100 of assessed valuation.
 Asheville City Schools tax rate: 10.62 cents per \$100 of assessed valuation.
 Not all City of Asheville residents pay the City Schools tax.

BUDGET SUMMARY: REVENUES



General Fund Sales & Other Taxes Revenue

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
SALES & OTHER TAXES						
Sales Taxes	26,123,293	26,921,766	26,462,529	26,462,529	29,715,208	31,680,452
Other Taxes	955,561.84	971,235.61	868,155.00	868,155.00	974,866.00	867,824.00
Total	27,078,855	27,893,002	27,330,684	27,330,684	30,690,074	32,548,276

Trends & Assumptions

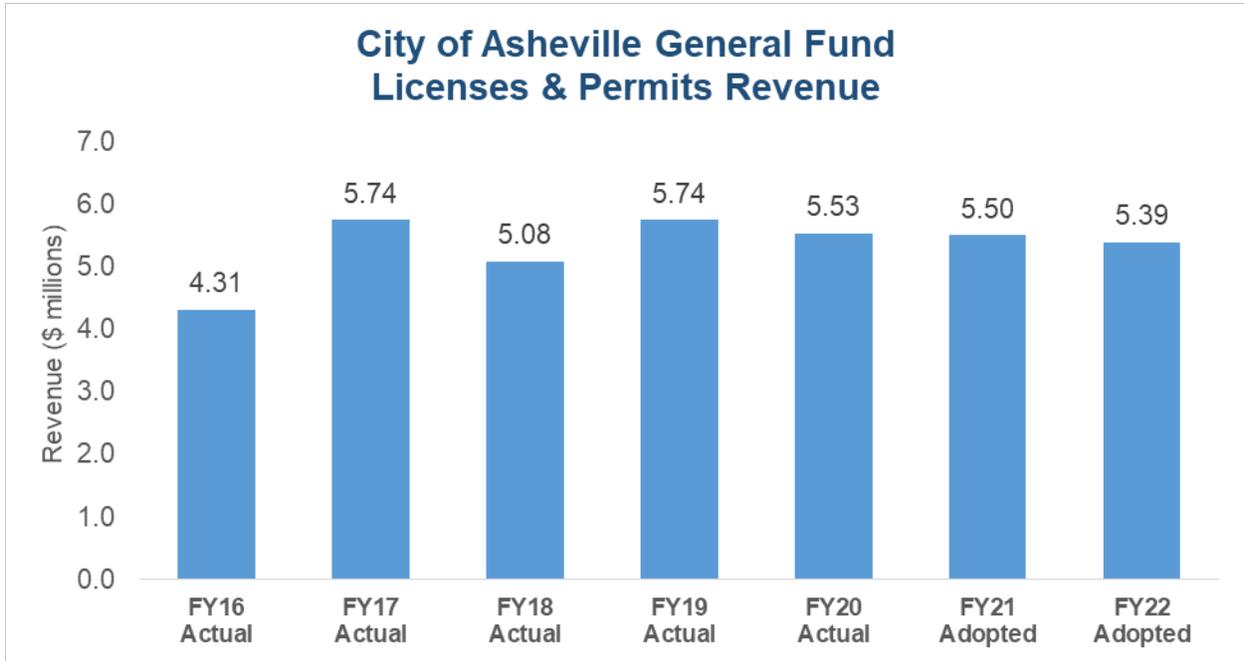
Local option sales tax revenue is collected by the State of North Carolina and distributed back to counties and municipalities on a monthly basis. Net proceeds from Articles 39 and 42 are returned to the county in which the tax was collected. Under this point-of-delivery distribution method, the City's revenue from this one and one-half-cent (1½ cent) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the Article 40 half-cent sales tax are placed in a statewide pool and allocated among all 100 counties on a per capita basis. Article 40 sales tax revenue is thus dependent on retail sales activity statewide and Buncombe County's population relative to other counties in the state. During its 2001 session, the state legislature gave local governments the authority to levy an additional half-cent sales tax, Article 44. Revenue from Article 44 replaced local government reimbursement payments that were discontinued by the state. In 2007, the state eliminated Article 44 and replaced it with a hold harmless payment.

BUDGET SUMMARY: REVENUES

Buncombe County's sales tax revenue is divided between the county and the local municipalities based on each entity's share of the total county ad valorem tax levy. Based on this distribution formula, the City currently receives 21.22% of the sales tax revenue distributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base.

As noted earlier, staff expected that sales taxes would be negatively impacted by COVID-19 through much of FY 2020-21, with growth not projected to return until March 2021. Instead FY 2020-21 sales tax revenue remained strong through the pandemic. Staff expect this trend to continue in FY 2021-22, with a 19.7% overall budget-to-budget increase in sales tax revenue.

BUDGET SUMMARY: REVENUES



General Fund Licenses & Permits Revenue

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
LICENSES & PERMITS						
Development Fees	3,680,724	3,533,417	3,420,000	3,420,000	3,342,952	3,390,928
Motor Vehicle Licenses	1,763,920	1,692,500	1,762,000	1,762,000	1,722,305	1,692,500
Other	294,575	301,866	320,450	320,450	313,231	301,867
Total	5,739,219	5,527,783	5,502,450	5,502,450	5,378,488	5,385,295

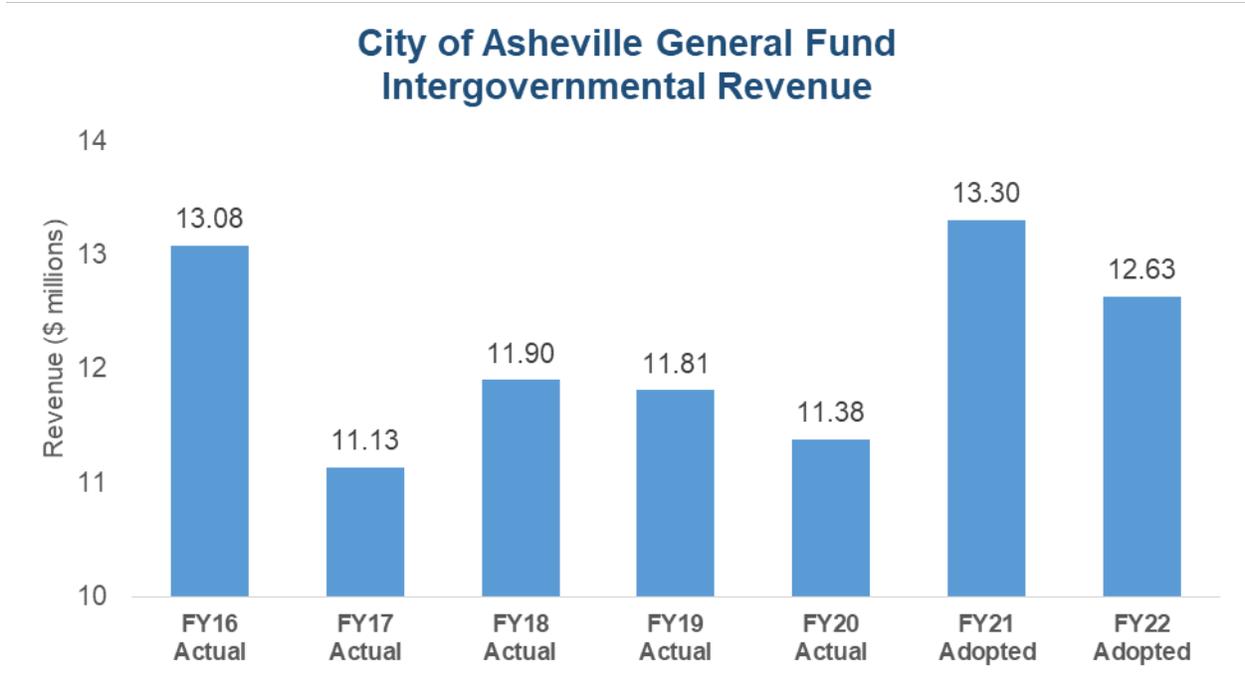
Trends & Assumptions

License and permit fees are generally used to offset the cost of regulating certain activities within the City. Some license and permit rates are set by the state, while others are set by City Council. Revenue from licenses and permits is influenced by local population growth, economic conditions, trends in development and redevelopment activity, and Council-approved fee changes.

Development Fees: Staff is assuming that fees generate by construction and development-related activity will remain consistent with prior years. Overall fees collected can fluctuate substantially based on the timing and scale of individual development projects.

Motor Vehicle Licenses: City Council approved an increase in the annual motor vehicle license fee for FY 2016-17 from \$10 to \$30. Revenue from the \$20 increase goes toward street maintenance. The City continues to use \$5 from the fee to support the operational and capital needs of the City's transit system, and \$5 to support General Fund activities.

BUDGET SUMMARY: REVENUES



General Fund Intergovernmental Revenue

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
INTERGOVERNMENTAL						
State Utility Taxes	8,895,234	8,409,347	8,828,368	8,828,368	8,469,274	8,409,347
Local Utility Taxes	751,238	749,523	750,000	750,000	719,494	749,523
Powell Bill Distribution	562,273	510,899	2,300,000	2,300,000	2,206,447	2,100,000
State Beer & Wine Taxes	397,127	402,670	397,000	397,000	380,852	402,670
Other	1,201,827	1,307,858	1,028,518	1,028,518	986,682	973,204
Total	11,807,699	11,380,297	13,303,886	13,303,886	12,762,749	12,634,744

Trends & Assumptions

Intergovernmental revenue includes grants, shared revenues, and reimbursements received by the City of Asheville from other governmental units.

State Utility Taxes: The state levies utility taxes on electricity, telecommunications, video services, and piped natural gas and shares a portion of this revenue with municipalities. Based on two-year trend data and projections from the NC League of Municipalities, staff has budgeted this revenue source to be essentially flat in FY 2021-22.

Local Utility Franchise Tax: This category includes revenue from Asheville's local agreements with Duke Power and PSNC. Staff has budgeted this revenue equal to that received from Duke

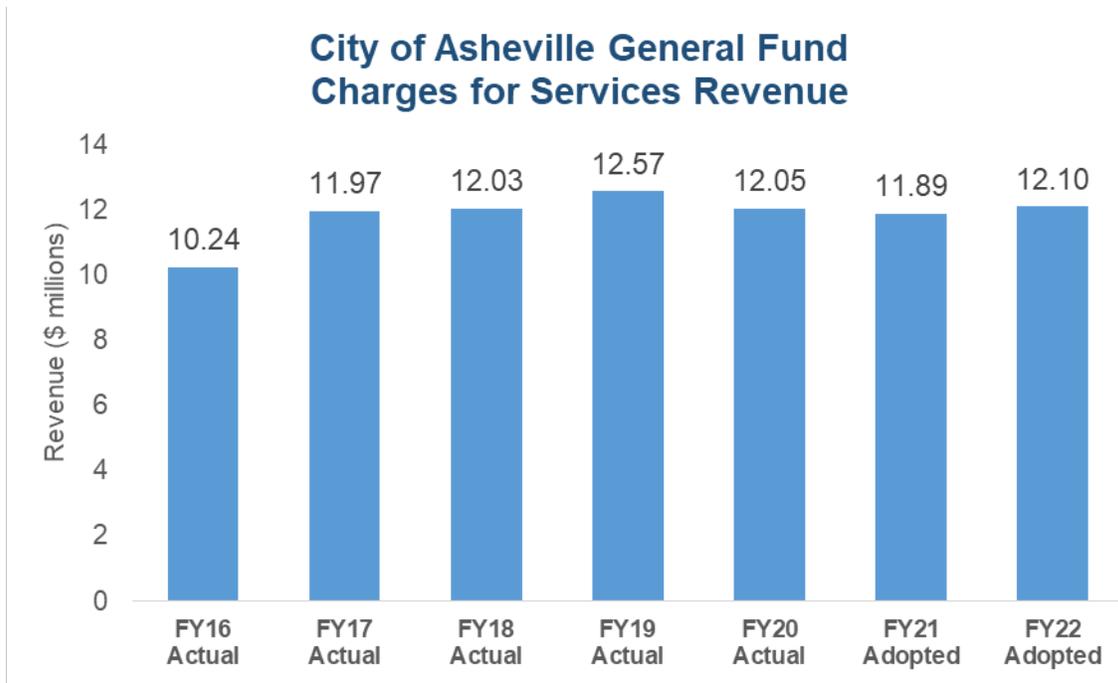
BUDGET SUMMARY: REVENUES

in FY 2019-20 based on increases in Duke's local property valuation, which serves as the basis for the payment.

State Beer & Wine Tax: The state shares a portion of the proceeds from beer and wine tax receipts with all local governments in which beer and wine are legally sold. The distribution is based on population. Based on prior year trends and projections from the NCLM, staff has budgeted a minor increase in this revenue for FY 2021-22.

Powell Bill: Before 2015, the overall amount of Powell Bill distributions was tied to the state's motor fuels tax, with cities receiving a specific portion of revenues derived from that tax. That distribution changed in the 2015 state budget, Session Law 2015-241. Now, NCGS § 136-41.1(a) states that Powell Bill revenues will be determined by an appropriation of funds by the General Assembly. There is no set formula that determines the total amount of Powell Bill funds available each year. Of the funds available each year, 25% is distributed to cities and towns based on local street miles and 75% based on population. New language in the 2015 budget also specifies that cities must spend their Powell Bill funds "primarily for the resurfacing of streets." For FY 2017-18 and FY 2018-19, a portion of Powell Bill revenue was recorded in the General Capital Projects Fund as opposed to the General Fund, which is why revenue shows as significantly lower in those years. Based on actual revenue received in FY 2020-21 and projections from the NCLM, staff has budgeted a \$200,000 decrease in this revenue for FY 2021-22.

BUDGET SUMMARY: REVENUES



General Fund Charges for Services Revenue

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
CHARGES FOR SERVICES						
Solid Waste Charges	5,087,428	5,119,703	5,000,000	5,000,000	4,988,710	5,119,703
Cost Allocation Charges	4,123,765	4,405,217	3,776,844	3,776,844	3,768,316	3,850,862
Parks & Recreation Fees	1,634,373	960,949	1,442,150	1,442,150	1,438,894	1,399,234
Fire Protection	292,466	294,674	300,847	300,847	300,168	294,675
Other	1,429,106	1,268,677	1,369,087	1,369,087	1,365,994	1,433,296
Total	12,567,137	12,049,220	11,888,928	11,888,928	11,862,082	12,097,770

Trends & Assumptions

Sales and services are revenues derived from charges for the use of specific General Fund services, such as Parks & Recreation programs and curbside recycling. By Council policy, many of these services are partially or fully funded through user charges.

Solid Waste Charges: The FY 2021-22 budget includes no change to the fee charged for solid waste and recycling collection and disposal.

Cost Allocation Charges: The General Fund charges enterprise funds for the cost of internal services such as human resources, information technology services, finance, etc. The City

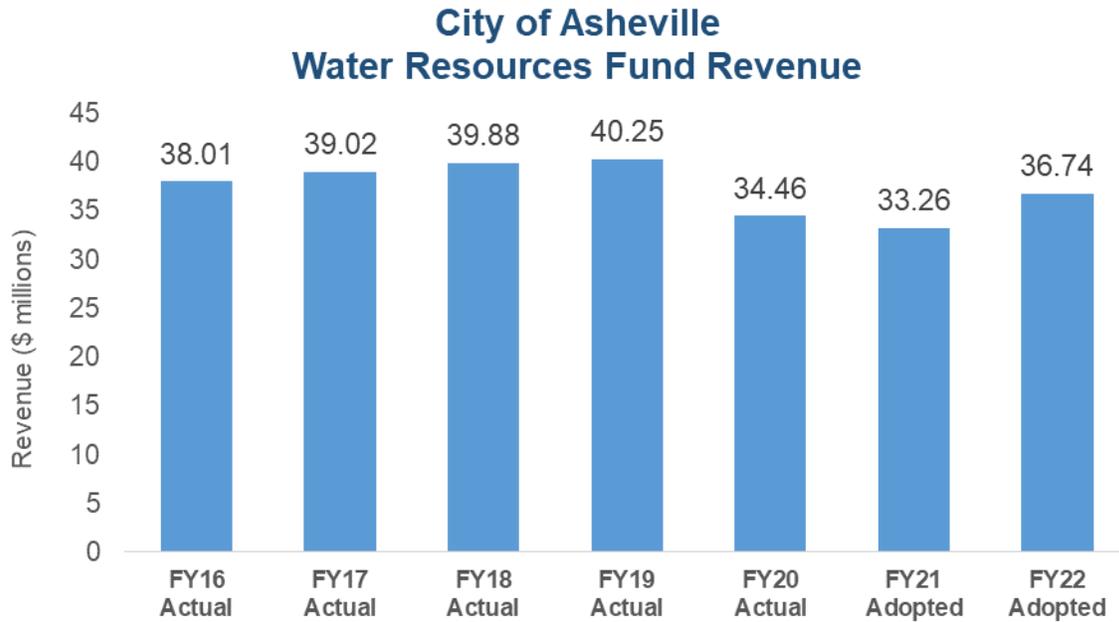
BUDGET SUMMARY: REVENUES

contracts with a consulting firm to update its cost allocation plan on an annual basis. Based on the latest plan update, this revenue source shows a \$74,000 increase in FY 2021-22.

Parks & Recreation Fees: Parks & Recreation fee revenue shows a minor budget-to-budget decrease based on lower facility usage and class participation expected due to COVID-19.

Fire Protection: The City of Asheville provides fire protection to certain areas outside city limits and receives revenue from these service districts based on the assessed value of those areas. The FY 2021-22 budget is based on estimates received from Buncombe County.

BUDGET SUMMARY: REVENUES



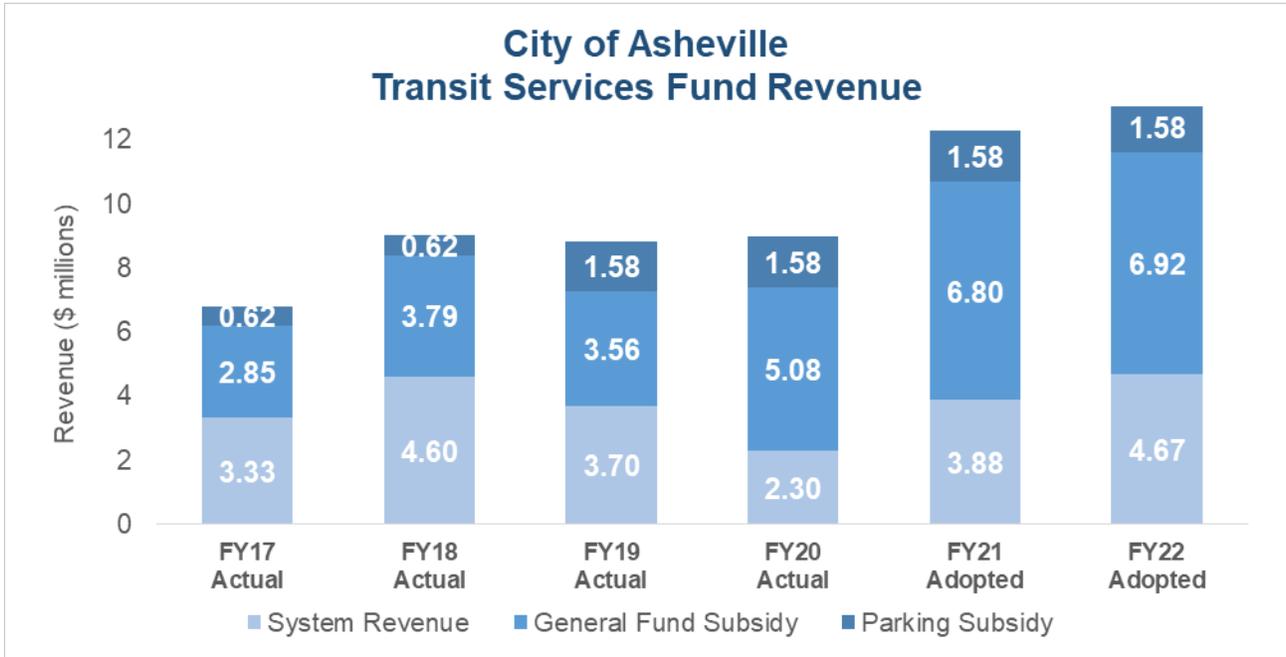
Water Resources Revenue Trends & Assumptions

Water Fund revenue is derived from fees and service charges assessed to residential and commercial customers of the regional water system. Water revenue is influenced by fee changes, population growth, water consumption patterns, local economic conditions, and weather.

Utility Charges: After the Capital Improvement (CIP) Fee was discontinued during FY21, staff engaged with the Water Resources Department's rate model consultant, Raftelis, to develop a long-term plan to recover the \$7.5 million revenue loss from the CIP fee. In May 2021, City Council approved a water rate increase to go into effect September 1, 2021. Water rates for FY22 are 3.2% lower than FY20 rates for the average household. This fee change is expected to generate an additional \$3.5 million in revenue.

Other Revenue: The other operating revenue category includes tap and connection fees, fire line charges, reconnection and delinquency fees, and other miscellaneous revenue. This revenue category is adjusted downward based on recent collection trends. Investment earnings reflect earnings on cash fund balances.

BUDGET SUMMARY: REVENUES



Transit Services Revenue Trends & Assumptions

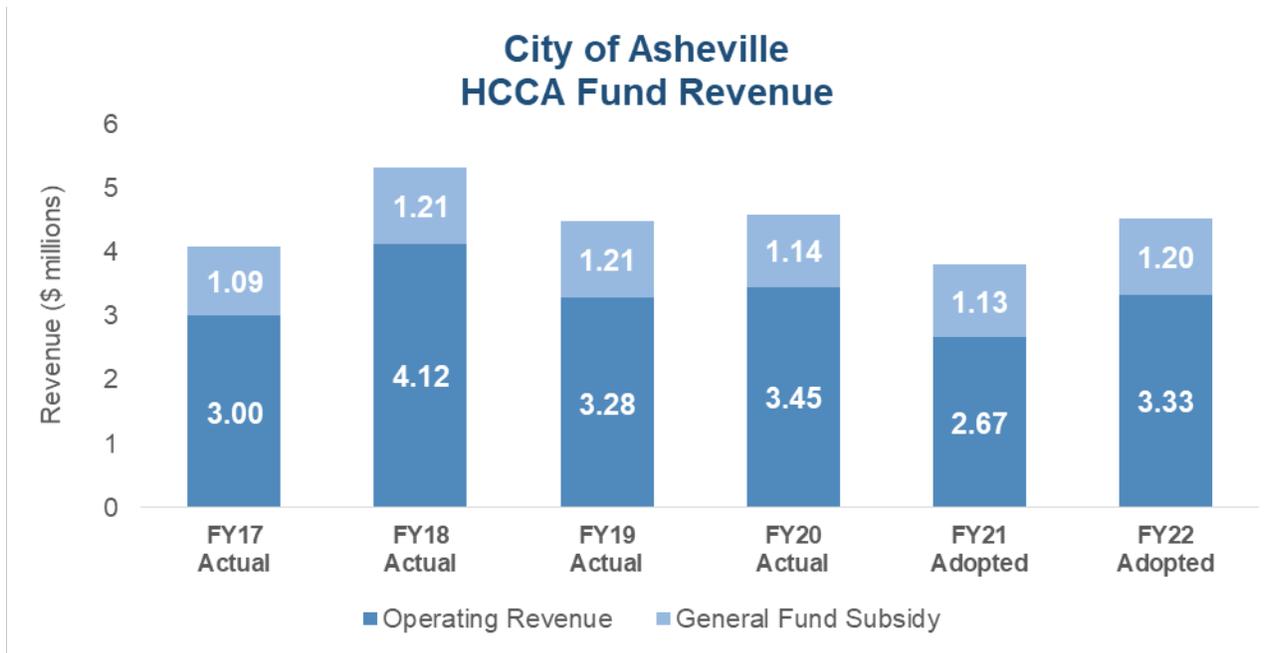
Transit Fund revenue is derived from three primary sources: federal and state grant funding, local tax and fee support, and passenger charges.

Federal & State Grants: The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Intergovernmental revenue represents 29% of the fund’s total revenue. An additional \$1 million in transit-specific federal grant revenue from the American Rescue Plan Act is included in the FY 2021-22 budget.

City Support: This category includes both the General Fund and Parking Fund subsidies and the motor vehicle license fee. The General Fund subsidy shows an increase of \$113,000 to maintain current service levels, which include the service enhancements that began in January 2020.

Operating Revenue: This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current trends, staff has budgeted a \$150,000 decrease in this revenue category for FY 2021-22.

BUDGET SUMMARY: REVENUES



Harrah's Cherokee Center – Asheville (HCCA) Revenue Trends & Assumptions

The Harrah's Cherokee Center – Asheville (HCCA) receives operating revenue from the sale of food and beverages, rental fees charged to users of the facility, and various other charges, including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's General Fund.

Operating Revenue: As the economy continues to recover from the COVID-19 crisis, the volume of events at the Harrah's Cherokee Center – Asheville (HCCA) is budgeted to be closer to a typical year. Based on these expectations, HCCA operating revenue shows a budget-to-budget decrease of \$136,000 or 3.9%.

BUDGET SUMMARY: REVENUES

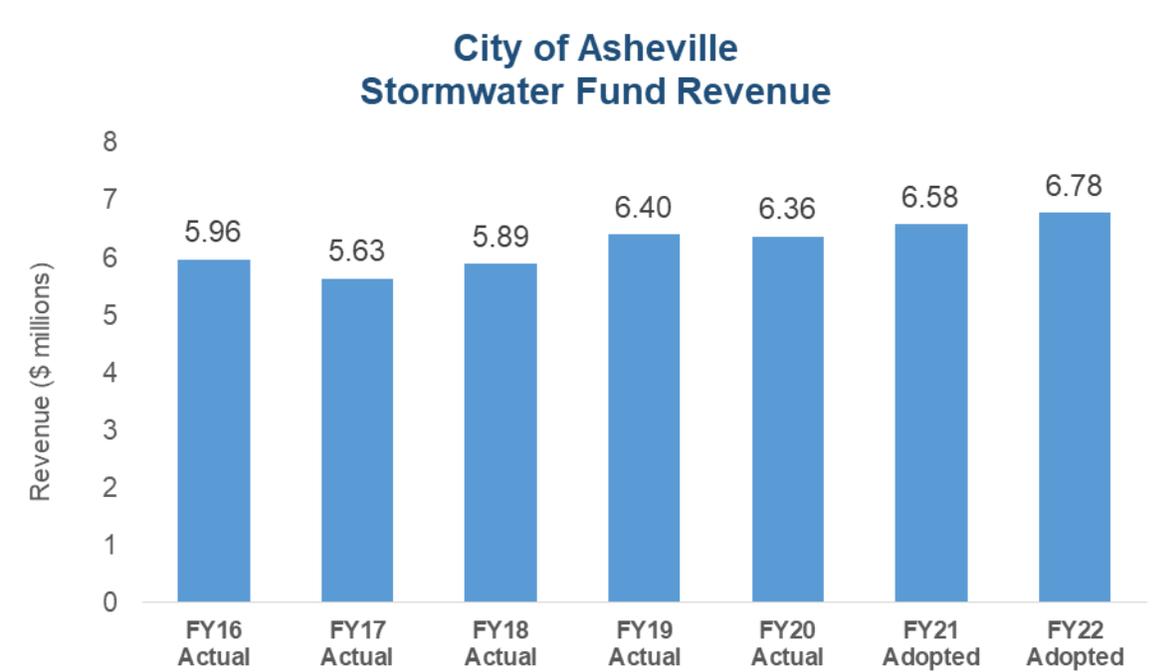


Parking Services Revenue Trends & Assumptions

The Parking Services Fund operates four parking garages, more than 700 on-street metered spaces, and more than 200 lot spaces.

Garage and Meter Revenue: City Council passed adjustments to several parking fees in spring 2021. These changes coupled with anticipated revenue recovery from pandemic levels resulted in the overall Parking Services Fund budget being increased by \$430,000, or 6.5%.

BUDGET SUMMARY: REVENUES

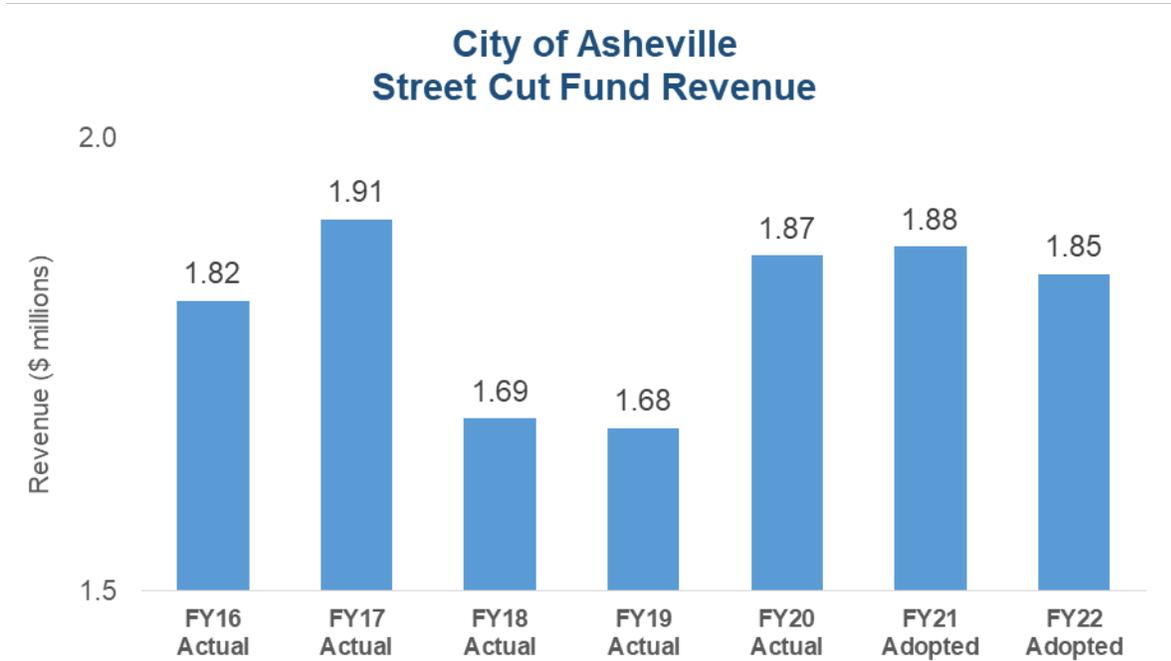


Stormwater Revenue Trends & Assumptions

The Stormwater Fund was created in FY 2005-06 to account for revenues and expenditures associated with the City's federally mandated stormwater program.

Utility Charges: Stormwater utility rates were not increased in FY 2021-22, so utility charge revenue is budgeted at the same level as FY 2020-21.

BUDGET SUMMARY: REVENUES



Street Cut Utility Revenue Trends & Assumptions

The Street Cut Utility Fund was created in FY 2010-11 to track revenues and expenses associated with the City's street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for projects at 100% cost recovery.

Budget Summary: Staffing

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2021-22 Adopted
FULL-TIME EQUIVALENT POSITIONS BY FUND TYPE					
General Fund	998.99	1,024.37	1,026.37	1,027.37	1,058.14
Enterprise Funds	265.57	283.41	283.41	283.41	284.36
Special Revenue	11.00	-	-	-	-
Total FTE Positions	1,275.56	1,307.78	1,309.78	1,310.78	1,342.50

Note: In prior budget documents, staff funded with special revenues (e.g., grants) were shown separately. These FTEs were reflected in their respective departments' operating budgets beginning in 2019-20.

Staffing Highlights

The budget includes the addition of 31 full-time equivalent (FTE) positions. These include:

Department	FTEs	Positions
Asheville Fire Department	+ 15.0	Firefighters to staff new station
Community & Economic Development	+ 1.0	Business Inclusion Services Specialist
Development Services	+ 2.0	Compliance Coordinator & Noise Enforcement Officer
Parks and Recreation	+ 12.0	Recreation Program Coordinator (1.0); Program Leaders (6.0); Laborers (5.0)
Stormwater Enterprise Fund	+ 1.0	Stormwater Quality Supervisor

The following chart shows changes in FTE positions by department for the last four fiscal years.

BUDGET SUMMARY: STAFFING

Staffing Summary by Fund and Department

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2021-22 Adopted
GENERAL FUND					
Admin. Services/CMO	11.00	12.00	12.00	12.00	12.00
Asheville Fire Department	270.75	276.75	276.75	276.75	291.75
Asheville Police Department	297.00	301.00	288.00	288.00	288.00
CAPE	7.00	7.00	8.00	8.00	8.00
Capital Projects	15.00	38.00	38.00	38.00	38.00
City Attorney	7.00	7.00	7.00	7.00	7.00
Comm. & Econ. Development	9.00	16.50	16.50	16.50	17.50
Development Services	49.50	51.50	55.50	55.50	57.50
Equity & Inclusion	4.00	4.00	4.00	4.00	4.00
Finance & Mgmt. Services	32.00	32.00	32.00	32.00	32.00
General Services	41.00	-	-	-	-
Human Resources	21.60	20.60	20.60	20.60	21.00
Information Tech. Services	27.00	27.00	28.00	29.00	29.00
Parks & Recreation	95.00	96.38	105.38	105.38	117.75
Planning & Urban Design	12.50	13.00	13.00	13.00	13.00
Public Works	84.30	105.30	105.30	105.30	105.30
Sustainability	2.00	3.00	3.00	3.00	3.00
Transportation	13.34	13.34	13.34	13.34	13.34
Total	998.99	1,024.37	1,026.37	1,027.37	1,058.14
ENTERPRISE FUNDS					
Harrah's Center	22.75	26.30	26.30	26.30	26.25
Transit Services	4.00	4.00	4.00	4.00	4.00
Parking Services	26.62	28.91	28.91	28.91	28.91
Stormwater	46.60	51.60	51.60	51.60	52.60
Street Cut Utility	10.60	10.60	10.60	10.60	10.60
Water Resources	155.00	162.00	162.00	162.00	162.00
Total	265.57	283.41	283.41	283.41	284.36
SPECIAL REVENUE FUNDS					
Asheville Police Department	4.00	-	-	-	-
Comm. & Econ. Development	7.00	-	-	-	-
Total	11.00	-	-	-	-
Citywide Total	1,275.56	1,307.78	1,309.78	1,310.78	1,342.50

Note: In prior budget documents, staff funded with special revenues (e.g., grants) were shown separately. These FTEs are now reflected in their respective departments' operating budgets.

General Fund Summary

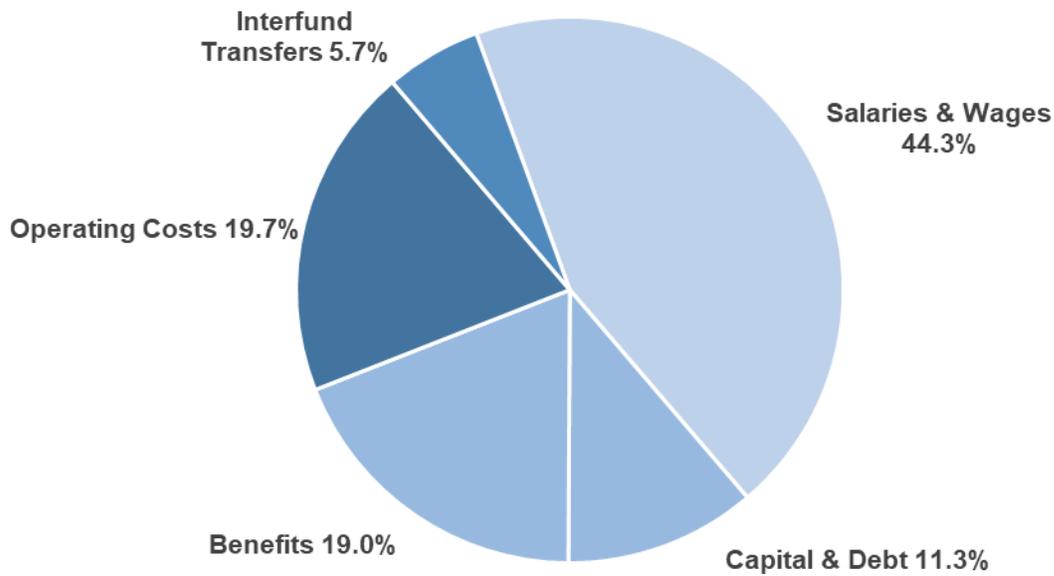
	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
REVENUES						
Property Tax	65,295,336	69,095,855	71,397,852	71,397,852	72,729,038	78,512,370
Sales & Other Taxes	27,078,855	27,893,002	27,330,684	27,330,684	30,690,074	32,548,276
Intergovernmental	11,807,699	11,380,297	13,303,886	13,303,886	12,762,749	12,634,744
Sales & Services	5,739,219	5,527,783	5,502,450	5,502,450	5,378,488	5,385,295
Licenses & Permits	12,567,137	12,049,220	11,888,928	11,888,928	11,862,082	12,097,770
Investment Earnings	2,140,173	1,846,458	550,000	550,000	623,039	623,000
Miscellaneous	3,628,903	3,061,537	3,139,140	3,139,140	3,104,813	2,758,641
Other Sources	92,604	92,620	1,650,630	1,720,630	-	673,457
Total	128,349,926	130,946,772	134,763,570	134,833,570	137,150,283	145,233,553
EXPENDITURES						
Admin. Svcs./CMO	2,042,764	2,040,080	2,124,015	2,116,515	2,087,864	2,238,590
Asheville Fire Dept.	26,109,545	27,302,625	27,805,341	27,805,341	27,783,405	31,558,146
Asheville Police Dept.	28,235,146	29,927,129	29,286,305	29,240,299	28,537,983	29,264,378
CAPE	759,164	691,247	868,654	903,654	891,894	881,229
Capital Projects	645,877	2,991,464	2,848,917	3,090,917	3,050,372	3,120,400
City Attorney	1,341,816	1,034,247	1,140,735	1,142,235	1,126,305	1,234,702
Comm. & Econ. Dev.	1,912,721	2,343,206	2,876,046	2,876,046	2,834,815	3,368,091
Development Svcs.	4,158,858	4,272,972	4,836,699	4,882,705	4,820,569	5,226,396
Equity & Inclusion	349,941	453,907	456,499	456,499	450,207	488,063
Fin. & Mgmt. Svcs.	2,822,165	2,908,867	2,880,753	2,880,753	2,842,927	3,090,894
General Services	4,513,761	-	-	-	-	-
Human Resources	1,570,839	1,484,970	1,509,889	1,509,889	1,489,224	1,727,584
Info. Tech. Svcs.	3,400,355	3,410,400	3,944,967	3,844,967	3,791,552	4,341,399
Non-Departmental	2,013,699	1,990,896	2,286,220	2,259,020	2,232,490	2,600,843
Parks & Recreation	9,576,690	10,295,247	10,749,180	10,737,942	10,592,252	13,361,475
Plan. & Urban Design	1,235,913	1,323,027	1,312,206	1,382,206	1,363,288	1,431,872
Public Works	9,677,730	10,823,810	11,644,043	11,642,243	11,485,555	12,732,020
Transportation	2,660,945	2,388,411	2,613,942	2,613,942	2,577,139	2,734,718
Sustainability Trans.	709,176	851,121	769,193	769,193	769,193	779,460
Transit Transfer	3,525,017	5,084,113	6,804,233	6,804,233	6,804,233	6,916,932
HTF Transfer	500,000	500,000	500,000	500,000	500,000	500,000
USCC Transfer	1,066,834	1,135,109	1,125,437	1,125,437	1,125,437	1,204,420
CIP/Debt Service	17,803,369	17,145,624	16,380,296	16,249,534	16,249,534	16,431,941
Total	126,632,326	130,398,473	134,763,570	134,833,570	133,406,236	145,233,553

GENERAL FUND SUMMARY

General Fund Expenditures by Category

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
Salaries & Wages	53,820,177	56,584,851	56,666,378	56,465,830	55,609,317	62,150,219
Benefits	22,452,576	23,888,399	24,493,981	24,372,521	24,173,636	26,628,422
Operating Costs	26,006,284	25,692,770	28,937,945	29,042,715	28,680,692	31,746,619
Interfund Transfers	4,689,988	6,321,197	8,054,670	8,054,670	8,054,670	8,246,352
Capital & Debt	19,663,302	17,911,255	16,610,596	16,897,834	16,888,094	16,461,941
Total	126,632,326	130,398,473	134,763,570	134,833,570	133,406,409	145,233,553

**City of Asheville General Fund
FY 2021-22 Expenditures by Category**
Total: \$145,233,553



GENERAL FUND SUMMARY

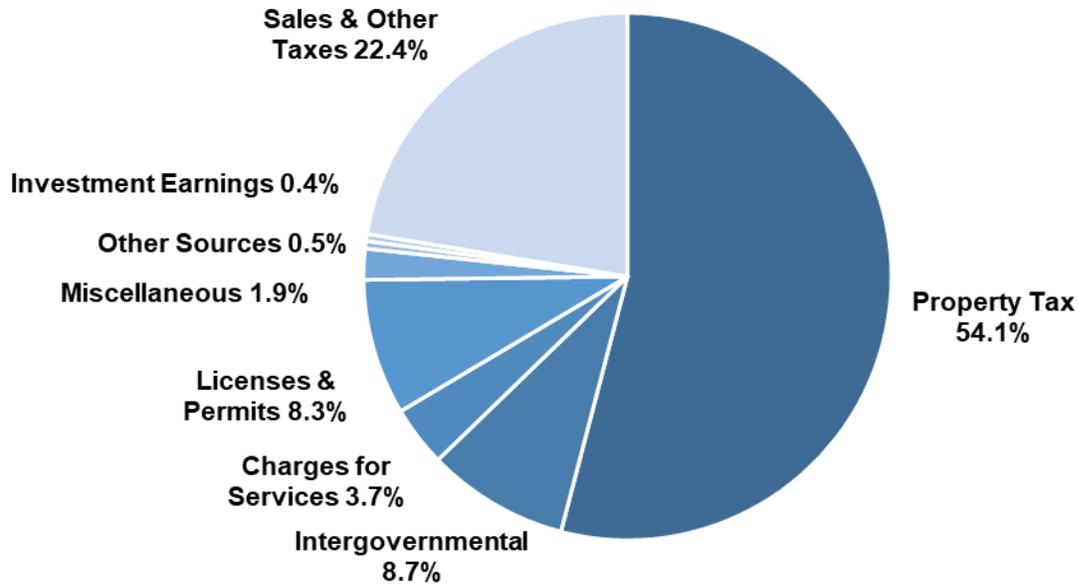
Budget-to-Budget Expenditure Comparison

	2020-21 Original Budget	2020-22 Adopted Budget	Change from Prior Year	
EXPENDITURE CATEGORIES				
Salaries & Wages	56,666,378	64,344,509	5,483,841	9.7%
Benefits	24,493,981	27,530,256	2,134,441	8.7%
Operating Costs	28,937,945	28,650,495	2,808,674	9.7%
Interfund Transfers	8,054,670	8,246,352	191,682	2.4%
Capital & Debt	16,610,596	16,461,941	(148,655)	-0.9%
Grand Total	134,763,570	145,233,553	10,469,983	7.8%

GENERAL FUND SUMMARY

City of Asheville General Fund FY 2021-22 Revenues by Source

Total: \$145,233,553



Budget-to-Budget Revenue Comparison

	2020-21 Original Budget	2021-22 Adopted Budget	Change from Prior Year	
REVENUE SOURCES				
Property Tax	71,397,852	78,512,370	7,114,518	10.0%
Sales & Other Taxes	27,330,684	32,548,276	5,217,592	19.1%
Intergovernmental	13,303,886	12,634,744	(669,142)	-5.0%
Licenses & Permits	5,502,450	5,385,295	(117,155)	-2.1%
Sales & Services	11,888,928	12,097,770	208,842	1.8%
Investment Earnings	550,000	623,000	73,000	13.3%
Miscellaneous	3,139,140	2,758,641	(380,499)	-12.1%
Other Sources	1,650,630	673,457	(977,173)	-59.2%
Total Revenues	134,763,570	145,233,553	10,469,983	7.8%

Analysis of Fund Balance

General Fund

	2020-21 Estimate	2021-22 Adopted
GENERAL FUND		
Total Revenues	130,685,567	133,136,397
Total Expenditures	130,224,996	134,763,570
Beginning Unassigned Fund Balance	23,807,000	24,267,571
Revenues Over (Under) Expenditures	460,571	(1,627,173)
Initial Ending Fund Balance	24,267,571	22,640,398
As Percent of Total Expenditures	18.64%	16.80%

One measure of a city's financial strength is the level of its unassigned fund balance. In general, fund balance is excess or surplus money. At the end of a fiscal year, unassigned fund balance is the amount of fund balance that is remaining after reserves of fund balance for inventories, prepaid expenses, employee-paid health benefits, and state statute reserve have been allocated. Reserves of fund balance are amounts required by state statute or governmental accounting standards that are legally not available for spending. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unassigned fund balance in the chart above.

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8% or one month of operating expenditures. This 8% requirement represents a minimum standard, and most government sector entities prefer to maintain fund balance between 10% and 20%. Falling below this preferred standard would have substantial financial implications, the most costly of which would be a lower bond rating. This rating characterizes the risk of city-issued debt for potential buyers. A lower rating implies less faith and trust in the City's financial position, resulting in more costly borrowing at higher interest rates.

If a local government's fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply, the State can step in and assume financial management.

When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages, should be considered:

The predictability of revenues and volatility of expenditures: a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.

The availability of resources in other funds as well as the potential drain upon General Fund resources from other funds may require a higher level of unreserved fund balance.

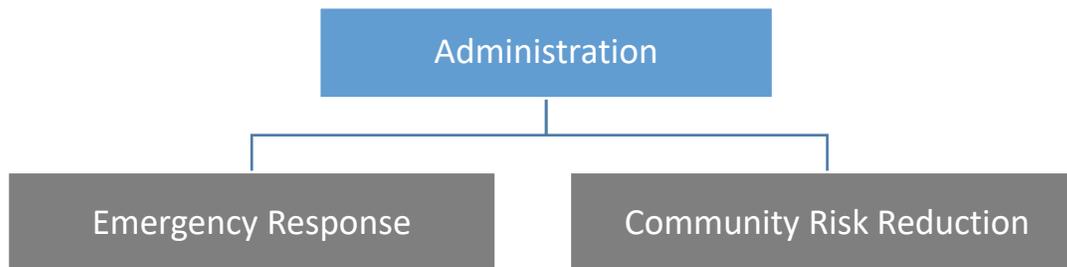
ANALYSIS OF FUND BALANCE

Liquidity: a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources to be maintained.

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. The City began FY 2020-21 with an unassigned fund balance in the General Fund of \$18.1 million. As discussed with City Council during the budget work sessions, staff is expecting General Fund revenue to come in better than budget in FY 2020-21, primarily due to sales tax revenue outperforming estimates. Staff is currently projecting that unassigned fund balance in the General Fund will increase by \$3.7 million, and end the year at \$21.8 million or 17.6% of expenses. For FY 2021-22, staff is recommending a \$1.35 million appropriation from unassigned fund balance to fund one-time expenses associated with reparations and the neighborhood grant program.

Asheville Fire Department

The Asheville Fire Department mitigates loss and suffering due to fires, medical emergencies, and disasters through education, prevention, and response.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	16,059,719	16,897,173	16,900,318	16,909,572	16,893,801	19,600,001
Benefits	6,775,776	7,376,385	7,707,644	7,698,390	7,694,579	8,594,462
Capital Outlay	3,523,216	3,319,274	3,985,755	3,985,755	3,982,612	4,014,697
Cost Transfers	(249,166)	(316,632)	(788,376)	(788,376)	(787,587)	(651,014)
Operating Costs	-	26,426	-	-	-	-
Total	26,109,545	27,302,625	27,805,341	27,805,341	27,783,405	31,558,146
POSITIONS						
Total	270.75	276.75	276.75	276.75	276.75	291.75

Budget Highlights:

- The budget is increased to fund an additional 15 firefighters to be hired in the fall of 2021 to staff the new Broadway Public Safety Station, which is anticipated to open in the fall of 2022 (\$583,000).
- The budget is also increased for the City's share of the cost for 15 firefighters hired in 2018 and 2019 utilizing funding from the SAFER grant program (\$268,000).
- The budget also includes an increase for maintenance and hardware upgrades for the alerting and automation system utilized in fire stations (\$107,000).

ASHEVILLE FIRE DEPARTMENT

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	4,326,142	4,361,622	4,952,771	4,933,144	4,929,856	5,035,041
Emergency Response	20,208,512	21,242,194	21,020,970	21,039,947	21,022,845	24,450,188
Fire Marshal's Office	1,574,892	1,698,809	1,831,600	1,832,250	1,830,704	2,072,917
Total	26,109,545	27,302,625	27,805,341	27,805,341	27,783,405	31,558,146
POSITIONS						
Administration	13.00	13.00	13.00	13.00	13.00	13.00
Emergency Response	238.75	238.75	244.75	244.75	244.75	259.75
Fire Marshal's Office	19.00	19.00	19.00	19.00	19.00	19.00
Total	270.75	270.75	276.75	276.75	276.75	291.75

The **Administration Division** is responsible for ensuring that residents are receiving the level and quality of fire and emergency services that they expect. This division encompasses the senior leadership of the department as well as the business office operations.

The **Emergency Response Division** is responsible for response to emergency calls for service throughout the city and all contractual areas. Around the clock emergency response to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters, and other emergencies is provided through three distinct work shifts. The department operates 12 fire stations with 17 response companies, responding to over 20,000 emergencies annually.

The **Fire Marshal's Office** provides state-mandated periodic fire inspections of all commercial properties within the City's jurisdiction and is responsible for ensuring that buildings and conditions meet minimum safety code requirements. Fire and injury prevention services, including child safety seats and public information, are also provided through this division to the public.

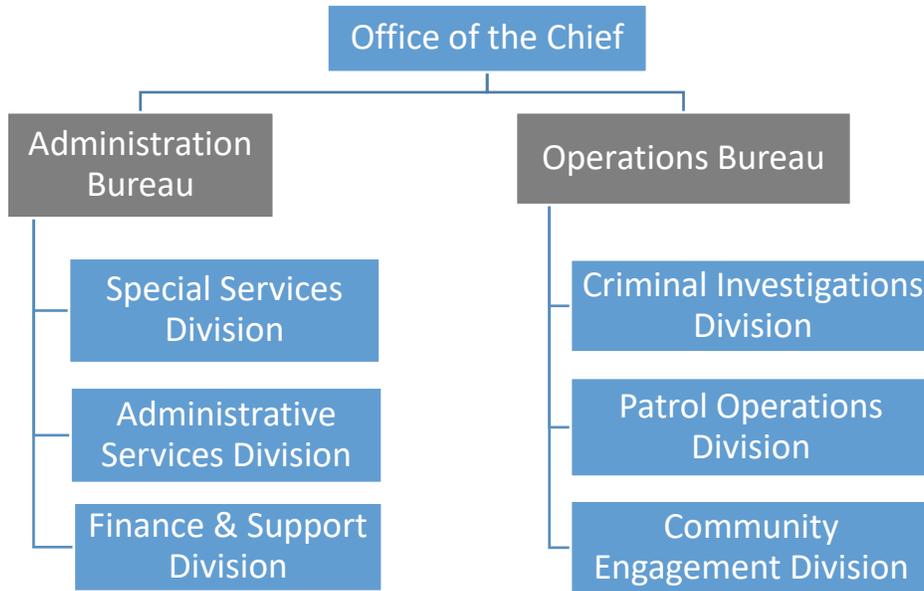
ASHEVILLE FIRE DEPARTMENT

FY 2021-22 Department Priorities

- Continue to focus on employee wellness. Develop programs which prevent illness and physical and emotional injuries for all members, increase fitness for all members, and standardize fitness for duty evaluations.
- Maximize stakeholder investment and increase our relevance within the community through increased educational and outreach activities.
- Establish a recruitment and hiring culture that provides a sustainable pool of candidates that reflect the community. *(Council Strategic Priority A.2: Incorporate equity into hiring policies, practices and procedures, especially in public safety.)*
- Develop an equitable and competitive promotional process for members of the department based on job qualifications, personal development, skills, and demonstrated performance. This includes providing clear feedback and opportunities for staff to develop skills required for advancement.
- Continue to develop and improve emergency management processes and relationships that allow the City to plan for, prevent, respond to, and recover from both manmade and natural disasters.

Asheville Police Department

The Asheville Police Department is dedicated to providing public safety and maintaining order, enforcing the laws of North Carolina, upholding the United States Constitution, and enhancing national security. The Asheville Police Department is committed to supporting a safe city with safe neighborhoods.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	16,520,581	17,393,909	16,691,196	16,646,084	16,157,006	16,113,719
Benefits	6,703,502	7,299,992	7,169,432	7,114,494	6,994,207	7,201,856
Capital Outlay	101,970	-	-	-	-	-
Cost Transfers	(206,969)	(64,457)	-	-	-	-
Operating Costs	5,116,062	5,297,685	5,425,677	5,479,721	5,386,770	5,948,803
Total	28,235,146	29,927,129	29,286,305	29,240,299	28,537,983	29,264,378
POSITIONS						
Total	297.00	301.00	288.00	288.00	288.00	288.00

ASHEVILLE POLICE DEPARTMENT

Budget Highlights:

- Based on current staffing levels and hiring plans in APD, the budget utilizes sworn position vacancy savings to:
 - Fund the APD portion of the Archer Compensation Study and additional overtime needed to maintain coverage (\$2 million).
 - Fund overtime so that officers can attend trainings associated with reimagining including de-escalation, verbal judo, crisis intervention training, and fair and impartial policing. As travel restrictions are eased, staff will also attend conferences that cover best practices around data, transparency, officer wellness, recruitment and co-responder models for people in crisis (\$42,000).
 - Reallocate an additional \$110,000 in funding from APD to the Development Services Department (DSD) to provide support for the Animal Control and Noise Ordinance Enforcement programs.
 - Continue funding the contract for body-worn and vehicle camera maintenance at an increased cost of \$180,000.
- The budget also includes \$134,000 for additional support and maintenance for the public safety radio system.
- Finally, the budget includes funding for four new contracts to move intelligence and confidential information off of the cloud, support crisis communications, provide video of critical incidents, and train instructors (\$111,000).

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	9,244,367	9,791,056	9,145,338	9,777,248	9,570,825	10,317,005
Community Engagement	-	-	-	29,800	29,204	1,601,929
Criminal Investigation	6,131,965	5,931,421	5,438,005	5,272,089	5,141,069	5,079,791
Patrol Bureau	12,858,814	14,204,652	14,702,962	14,161,162	13,796,885	12,265,653
Total	28,235,146	29,927,129	29,286,305	29,240,299	28,537,983	29,264,378
POSITIONS						
Administration Bureau	64.00	64.00	54.00	54.00	54.00	59.00
Community Engagement	-	-	-	26.00	26.00	26.00
Criminal Investigation	58.00	58.00	58.00	58.00	58.00	50.00
Patrol Bureau	179.00	179.00	176.00	176.00	176.00	153.00
Total	301.00	301.00	288.00	288.00	288.00	288.00

ASHEVILLE POLICE DEPARTMENT

The **Administration Bureau** includes the Special Services Division and the Administrative Services Division, which provide project management and policy guidance for the department. Functions within the Special Services Division include planning and research, property and evidence, recruitment and career development, and communications. The Administrative Services Division provides crime analysis, technology, and police records services.

The **Criminal Investigations Division** is responsible for the investigation of a variety of reported offenses. It includes detectives assigned to general cases, major cases, and the Family Justice Center, where offenses involving domestic violence and special victims are investigated. The department's Impact Unit is also in this division, which has detectives assigned to identify and develop prosecutions into the city's most violent criminals.

The **Patrol Operations Division** conducts and coordinates city-wide community policing efforts, responds to calls for service, provides 24-hour patrols, and conducts criminal incident and traffic collision investigations. Functions within the Patrol Bureau include three police districts and a downtown unit.

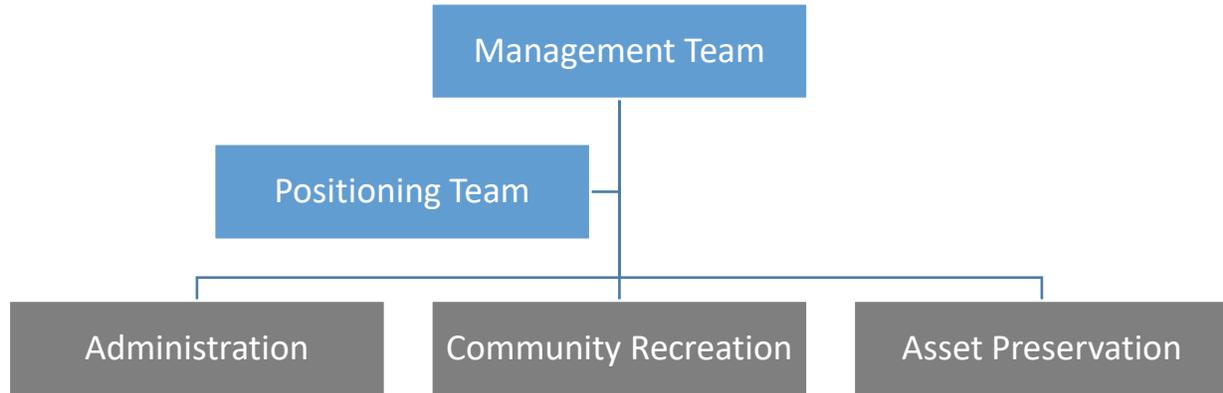
The **Community Engagement Division** includes the Community Engagement Team, the Public Housing Unit, and the School Resource Officers. The Community Engagement Team is responsible for managing the department's community outreach programs, partnerships with community service providers, and problem-solving efforts surrounding law enforcement involvement in complex community issues.

FY 2021-22 Department Priorities

- Continue conversations with the Asheville Housing Authority and Asheville City Schools to assess APD's role within public housing developments and schools.
- Enhance focus on equity in recruitment and hiring practices to provide a diverse pool of candidates that reflect the community. (*Council Strategic Priority A.2: Incorporate equity into hiring policies, practices and procedures, especially in public safety.*)
- Explore cutting-edge training in modern policing with a focus on racial equity, social justice, and de-escalation courses, to include EPIC (Ethical Policing is Courageous) and Vistelar training for all police employees. (*Council Strategic Priority A.2: Incorporate equity into hiring policies, practices and procedures, especially in public safety.*)
- Outfit the South District police station more appropriately to safely allow walk-ins and community meetings. Create a patrol squad to assist with call time reduction and proactive engagement. (*Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.*)
- Continue to enhance community engagement efforts through the Community Engagement Division formed in FY 2020-21; engage in a critical incident media contract to facilitate quick, transparent communication with the public; and continue a confidential tip line for community members to share tips and information with APD. This division is active in the community through attending community meetings (some still virtual) and having open conversations about crime, houselessness, traffic, violent crime and other quality of life issues.
- Focus on employee physical and emotional wellness by enhancing physical fitness training opportunities, providing peer support training, and facilitating more access to professional services through a Wellness Policy.

Parks & Recreation Department

The Parks and Recreation Department is dedicated to enhancing citizens' quality of life by providing diverse cultural and recreational experiences.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	4,674,509	5,043,195	5,253,403	5,129,353	5,052,220	7,026,015
Benefits	1,715,425	1,818,309	2,015,715	2,009,790	1,994,087	2,505,522
Capital Outlay	147,420	421,608	62,000	90,000	88,650	-
Cost Transfers	-	(86,101)	(45,888)	(45,888)	(45,190)	(84,100)
Operating Costs	3,039,337	3,098,235	3,463,950	3,554,687	3,502,485	3,914,038
Total	9,576,690	10,295,247	10,749,180	10,737,942	10,592,252	13,361,475
POSITIONS						
Total	95.00	96.38	105.38	105.38	105.38	117.75

Budget Highlights:

- The 2021-22 budget includes additional funding (\$154,000) for a full year of maintenance of the River Arts District Transportation Improvement Project (RADTIP).
- The budget allocates new funding to expand evening and weekend hours at community centers (\$450,000) and expand the level of service in high use parks and facilities (\$300,000). This investment adds 12 FTEs to the Parks and Recreation Department.

PARKS & RECREATION DEPARTMENT

- A partnership with Asheville City Schools on Positive Opportunities Develop Success (PODS) at recreation centers, which began during the pandemic, will continue next fiscal year. Staff will also continue work with community partners to identify programming needs.
- The budget also includes moving the operation of City pools to a contract basis. The contract is partially offset by a decrease in the budget for temp-seasonal labor.
- In May 2021, City Council approved an increase to admission fees at the WNC Nature Center for FY22. This \$154,000 in additional revenue will offset the cost of operating the Nature Center, minimizing additional support from general revenues.

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	1,623,444	1,652,092	1,483,316	1,387,685	1,373,212	1,861,430
Aston Park	254,976	235,468	288,544	288,544	284,500	267,578
Nature Center	1,205,868	1,219,657	1,361,379	1,400,879	1,381,300	1,481,486
Park Operations	3,259,666	3,785,314	4,077,177	4,154,201	4,096,470	4,857,512
Recreations Operations	3,232,737	3,402,715	3,538,764	3,506,633	3,456,770	4,893,469
Total	9,576,690	10,295,247	10,749,180	10,737,942	10,592,252	13,361,475
POSITIONS						
Administration	9.00	9.00	6.00	6.00	6.00	8.00
Aston Park	2.00	2.00	2.00	2.00	2.00	2.00
Nature Center	13.75	13.75	13.75	13.75	13.75	13.75
Asset Preservation	36.38	36.38	42.63	42.63	42.63	43.75
Community Recreation	33.87	35.25	41.00	41.00	41.00	50.25
Total	95.00	96.38	105.38	105.38	105.38	117.75

The **Administration Focus Area** provides overall leadership and coordination of the department's activities and goals, coordinates with other departments, and is responsible for execution of the departmental master plan.

The **Asset Preservation Focus Area** is responsible for asset protection, upkeep, and aesthetics, ensuring that preventative maintenance, rehabilitation, and replacement activities support strategic decisions of the community for maintaining high-quality parks, open space, trails, and recreation assets as part of the Department's Equity Program.

The **Community Recreation Focus Area** is responsible for building a strong community by providing access to programs and services to all citizens. This area ensures equity in programs

PARKS & RECREATION DEPARTMENT

serving seniors, low-income participants, and underserved neighborhoods as part of the Department's Equity Program.

The **Western North Carolina Nature Center** connects people with the animals and plants of the Southern Appalachian Mountain region by inspiring appreciation, nurturing understanding, and advancing conservation of the region's rich biodiversity.

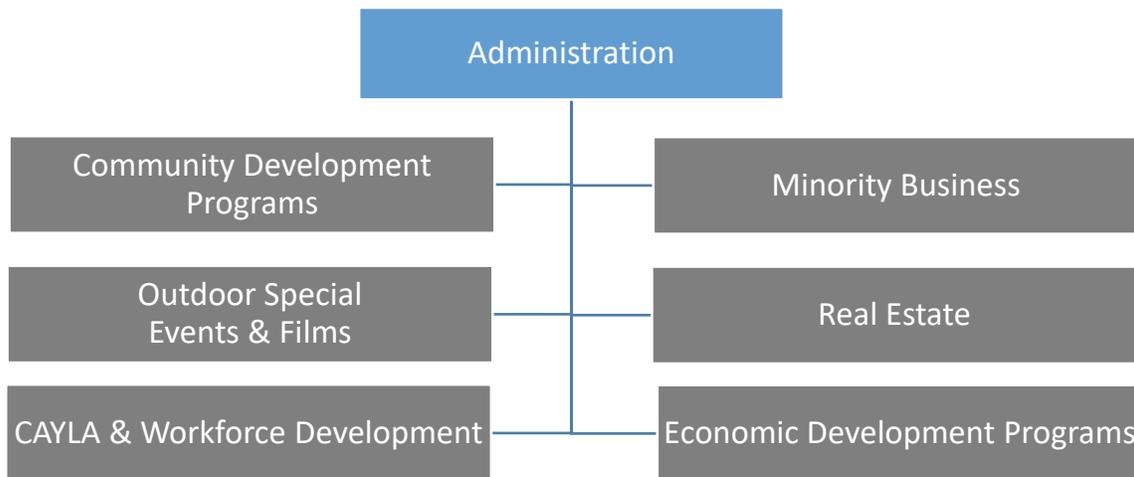
The **Aston Park Tennis Center** is one of the finest public clay court facilities in the United States. There are 12 lighted clay courts providing recreation access and programming to all citizens.

FY 2021-22 Department Priorities

- Complete neighborhood recreation service plans that identify community needs and gaps in equitable service delivery across the system. *(Council Strategic Priority A.3: Review City programming, facilities, staffing, operations, and partnerships to enhance racial equity, with an emphasis on Parks and Recreation.)*
- Continue to implement the Department's Racial Equity Action Plan, ensuring that all policies and decisions are made with a focus on the impact to the community through the lens of equity. *(Council Strategic Priority A.3: Review City programming, facilities, staffing, operations, and partnerships to enhance racial equity, with an emphasis on Parks and Recreation.)*
- Complete a citizen satisfaction survey to inform where and how the Parks & Recreation Department invests to provide recreation opportunities.

Community & Economic Development Department

The Community & Economic Development Department enhances economic opportunity and social conditions for all in order to create a vibrant, inclusive, and sustainable Asheville economy. CED collaborates across departments and with community partners to leverage resources and advance Council and community strategic goals.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	627,292	1,012,624	1,016,624	1,017,147	1,001,850	1,157,788
Benefits	216,660	364,434	366,187	365,664	362,335	423,348
Capital Outlay	-	-	119,800	119,800	118,000	-
Cost Transfers	-	(322,970)	(526,431)	(526,431)	(518,520)	(541,383)
Operating Costs	1,068,770	1,289,117	1,899,866	1,899,866	1,871,150	2,328,338
Total	1,912,721	2,343,206	2,876,046	2,876,046	2,834,815	3,368,091
POSITIONS						
Total	9.00	16.50	16.50	16.50	16.50	17.50

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

Budget Highlights:

- The CED operating budget reflects an increase of approximately \$380,000 based on the payment schedule for economic development incentive agreements previously approved by City Council.
- The budget reallocates \$60,000 of contracted services funding for a new position in the Asheville Business Inclusion Office (ABIO) to support the coordination of the program.
- The budget continues to provide an annual \$225,000 to support Land Use Incentive Grant (LUIG) and development fee rebate payments for affordable housing projects.
- The budget also continues to fund the City of Asheville Youth Leadership Academy (CAYLA) at \$257,000 annually.

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	1,315,183	1,418,643	1,979,434	1,933,654	1,905,535	2,496,256
CAYLA	223,090	176,587	269,404	269,404	265,500	253,559
Community Dev.	-	276,519	227,467	227,467	224,660	255,125
Homelessness Support	102,336	135,684	141,064	153,564	151,380	183,585
Real Estate	-	197,832	258,677	291,957	287,740	179,566
Strategic Development	272,112	137,942	-	-	-	-
Total	1,912,721	2,343,206	2,876,046	2,876,046	2,834,815	3,368,091
POSITIONS						
Administration	4.50	5.50	5.50	5.50	5.50	6.50
CAYLA	1.00	1.00	1.00	1.00	1.00	1.00
Community Dev.	1.00	8.00	8.00	8.00	8.00	8.00
Real Estate	0.00	2.00	2.00	2.00	2.00	2.00
Strategic Development	2.50	0.00	0.00	0.00	0.00	0.00
Total	9.00	16.50	16.50	16.50	16.50	17.50

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

The Community & Economic Development **Administration Division** coordinates and oversees the department's programs, including support for business recruitment, retention, and expansion. The City's Office of Special Events and Asheville Business Inclusion Office are also part of this division.

The **City of Asheville Youth Leadership Academy (CAYLA)** program is a partnership with the Asheville City Schools Foundation which recruits, trains, and places local high school students at meaningful summer jobs with the City and other participating organizations.

The **Community Development Division** works to build opportunities for community access to housing and manages federally funded programs that provide affordable housing, economic opportunities, and other benefits for low- and moderate-income residents. This division also supports the Council-adopted Ten Year Plan to End Homelessness, a collaborative effort to strengthen the homeless service system and reduce the number of people who experience homelessness in Buncombe County.

The **Real Estate Division** manages City-owned properties and leads efforts to acquire, sell, and lease property on the City's behalf to support core government functions and services. This division partners with the Community Development Division and other departments to support development of affordable housing on City-owned land.

FY 2021-22 Department Priorities

- Implement next steps for the development of affordable housing on City-owned land on properties located at 360 Hilliard Avenue, 319 Biltmore Avenue, Cedar Hill, and 91 Riverside Drive. *(Council Strategic Priority D.2: Develop a strategy for sale or lease of City-owned land to incentivize affordable housing development; H.5: Complete general obligation bond-funded projects on time and on budget.)*
- Build capacity for government contracting with minority- and women-owned business enterprises (MWBE). *(Council Strategic Priority F.1: Develop a business inclusion program to increase minority contractor participation in response to the Disparity Study).*
- Review and update current incentives, partnerships, and funding programs within the Community Development Division to assess effectiveness of the City's affordable housing strategy. *(Council Strategic Priority D.1: Review and update Comprehensive Housing Affordability Strategy with a goal of assessing the effectiveness of the tools and encouraging development of affordable mixed-income communities).*
- Manage the implementation of the Down Payment Assistance Program of \$1 million in affordable housing bond funds available to low- and moderate-income families for affordable homeownership. *(Council Strategic Priority D.3: Market and implement down payment assistance and other housing programs for low/moderate-income residents; H.5: Complete general obligation bond-funded projects on time and on budget.)*

Housing Trust Fund

Budget Summary

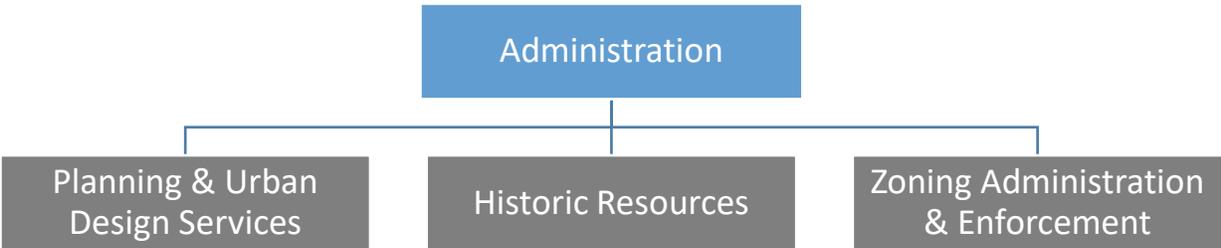
	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
General Fund Contribution	500,000	500,000	500,000	500,000	500,000	500,000

Budget Highlights:

- The budget includes an annual \$500,000 contribution from the General Fund to the Housing Trust Fund.

Planning & Urban Design Department

The Planning & Urban Design Department provides professional land use planning, zoning, urban design, and historic preservation services as well as the highest level of customer service to achieve livable and sustainable neighborhoods for everyone. The department is committed to collaborating with our community on its vision for equitable growth and development consistent with Asheville’s Comprehensive Plan.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	751,370	677,948	782,308	786,627	774,800	879,471
Benefits	293,261	271,688	308,956	308,637	305,848	376,698
Capital Outlay	7,476	-	-	286,942	-	-
Operating Costs	183,805	373,391	220,942	-	282,640	175,703
Total	1,235,913	1,323,027	1,312,206	1,382,206	1,363,288	1,431,872
POSITIONS						
Total	12.50	13.00	13.00	13.00	13.00	13.00

Budget Highlights:

- The budget reflects a continuation of programs and services and does not include additional funding for any service or program enhancements.

PLANNING & URBAN DESIGN DEPARTMENT

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Planning Services	724,735	833,958	1,078,403	1,144,703	1,129,268	1,190,222
Historic Resources	176,134	178,269	193,803	197,503	194,630	198,150
Zoning	335,044	310,800	-	-	-	-
Public Art	-	-	40,000	40,000	39,390	43,500
Total	1,235,913	1,323,027	1,312,206	1,382,206	1,363,288	1,431,872
POSITIONS						
Planning Services	6.50	11.00	11.00	11.00	11.00	11.00
Historic Resources	2.00	2.00	2.00	2.00	2.00	2.00
Zoning	4.00	0.00	0.00	0.00	0.00	0.00
Total	12.50	13.00	13.00	13.00	13.00	13.00

The **Planning Services Division** conducts current and long-range planning including managing the comprehensive plan; reviewing development and redevelopment plans, the Unified Development Ordinance (UDO), and adopted plans; and revising City development guidelines. This division supports the Planning and Zoning Commission and the Board of Adjustment and provides design coordination for the Downtown Commission and the Asheville Area Riverfront Redevelopment Commission.

The **Historic Resources Division** supports the work of the Historic Resources Commission in its efforts to protect and preserve the architectural history of Asheville and Buncombe County.

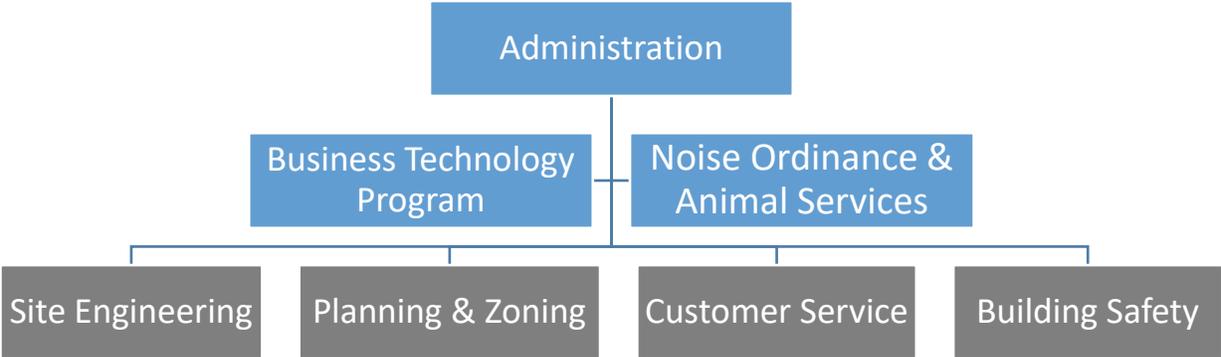
The **Zoning Administration & Enforcement Division** is responsible for ensuring ongoing conformance with Asheville’s zoning standards and manages the workload and review for the Board of Adjustment.

FY 2021-22 Department Priorities

- Finalize an implementation strategy for the Living Asheville Comprehensive Plan, including a schedule to act on priorities and other recommendations to operationalize the plan. *(Council Strategic Priority B.1: Develop specific implementation plan and schedule to amend the UDO and ordinances to reflect recommendations in the Comprehensive Plan.)*
- Identify barriers in the Unified Development Ordinance to meeting Comprehensive Plan goals, in order to guide future zoning code changes designed to create a more connected, transit-oriented, sustainable and pedestrian-friendly city with more affordable and diverse housing options. *(Council Strategic Priority B.1: Develop specific implementation plan and schedule to amend the UDO and ordinances to reflect recommendations in the Comprehensive Plan.)*
- Continue updates to the Downtown Master Plan, including adopting new public space management guidelines and initiating the first phase of updates to design guidelines.
- Complete corridor studies for Hendersonville and Tunnel Roads in partnership with regional and state agencies, including recommendations for transportation infrastructure improvements and land use and zoning policies consistent with City and community goals. *(Council Strategic Priority B.3: Complete corridor studies and other plans for identified transit-corridors to encourage supportive development that will be sensitive and complement adjacent neighborhoods.)*

Development Services Department

The Development Services Department protects lives, health, and property in Asheville while supporting economic development by providing building and development permitting services and enforcing the North Carolina State Building Codes, Asheville Housing Code, and related environmental codes. Development Services is dedicated to providing excellent customer service for application and permitting processes, plan review, and inspection services to all areas within the Asheville city limits.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	2,688,054	2,728,261	2,947,868	2,947,868	2,920,140	3,216,064
Benefits	1,183,751	1,275,952	1,400,259	1,400,259	1,388,310	1,487,651
Operating Costs	287,053	268,759	488,572	488,572	437,259	522,681
Capital Outlay	-	-	-	76,000	74,860	-
Total	4,158,858	4,272,972	4,836,699	4,882,705	4,820,569	5,226,396
POSITIONS						
Total	49.50	51.50	55.50	55.50	55.50	57.50

Budget Highlights:

- As part of the ongoing transition of enforcement from Asheville Police Department (APD) to DSD, two new full-time positions are being added to the department, a Noise Compliance Officer and a Compliance Coordinator. The budget reallocates \$110,000 in funding from APD to the Development Services Department (DSD) to provide support these additional resources.

DEVELOPMENT SERVICES DEPARTMENT

- Enforcement of the Tree Ordinance will continue with existing staff during the next fiscal year. Future needs will be evaluated as construction activity increases.

Division Summary

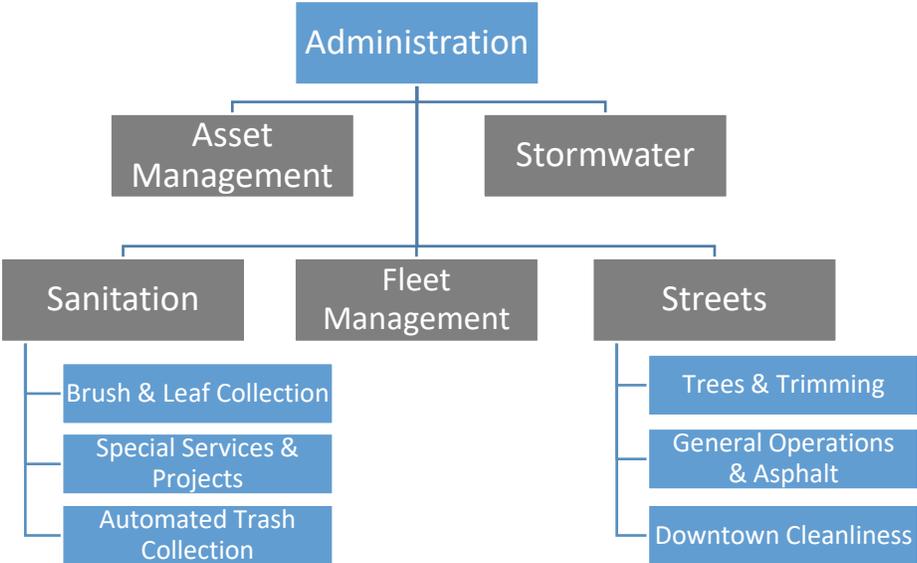
	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Admin. & Inspections	4,158,858	4,272,972	4,836,699	4,592,753	4,534,459	4,738,869
Animal & Noise Enf.	-	-	-	289,953	286,110	487,527
Total	4,158,858	4,272,972	4,836,699	4,882,705	4,820,569	5,226,396
POSITIONS						
Admin. & Inspections	49.50	51.50	51.50	51.50	51.50	51.50
Animal & Noise Enf.	0.00	0.00	4.00	4.00	4.00	6.00
Total	49.50	51.50	55.50	55.50	55.50	57.50

FY 2021-22 Department Priorities

- Formalize the commercial digital submittal and review process.
- Identify improvements to inspection services, including the implementation of an automated process for scheduling inspections.
- Evaluate department enforcement programs and processes and create a master organizational enforcement plan.
- Formalize an expedited review process for qualifying affordable housing developments.
- Complete and implement an updated City noise ordinance.

Public Works Department

The Public Works Department provides essential core services, including construction and maintenance of infrastructure, solid waste management, and fleet management to Asheville citizens and visitors in an efficient, safe, and environmentally and fiscally responsible manner.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	3,411,142	4,297,298	4,589,904	4,591,280	4,522,260	5,086,938
Benefits	1,648,145	2,080,646	2,179,628	2,166,236	2,150,586	2,342,648
Operating Costs	4,696,527	6,925,942	7,712,906	7,636,122	7,522,809	8,323,192
Cost Transfers	(78,085)	2,480,075)	(2,860,395)	(2,860,395)	(2,817,460)	(3,025,758)
Capital Outlay	-	-	22,000	109,000	107,360	5,000
Total	9,677,730	10,823,810	11,644,043	11,642,243	11,485,555	12,732,020
POSITIONS						
Total	84.30	105.30	105.30	105.30	105.30	105.30

PUBLIC WORKS DEPARTMENT

Budget Highlights:

- The budget allocates additional funding to maintain the City’s household recycling program in a time of increasing costs within the recycling industry (\$300,000).
- The budget also includes additional funding of \$200,000 to provide storm response due to an increase in significant weather events.
- Staff plans to conduct a midyear assessment of Sanitation services.

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	1,112,663	1,018,264	1,021,580	1,026,380	1,016,819	1,039,052
Fleet Management	-	1,011,183	864,239	867,359	856,340	954,948
Asset Management	149,653	165,000	153,444	164,644	162,240	162,580
Sanitation	5,079,435	5,078,011	5,395,083	5,423,858	5,347,040	6,076,515
Streets & Sidewalks	3,335,979	3,551,352	4,209,697	4,160,002	4,103,116	4,498,925
Total	9,677,730	10,823,810	11,644,043	11,642,243	11,485,555	12,732,020
POSITIONS						
Administration	8.75	5.25	5.25	5.25	5.25	4.25
Fleet Management	-	16.00	16.00	16.00	16.00	16.00
Asset Management	1.05	1.05	1.05	1.05	1.05	1.05
Sanitation	36.00	37.00	37.00	37.00	37.00	37.00
Streets & Sidewalks	38.50	46.00	46.00	46.00	46.00	47.00
Total	84.30	105.30	105.30	105.30	105.30	105.30

The responsibilities of the Public Works **Administration Division** include overseeing, leading, and directing the department. This division works to ensure high-quality service delivery through effective operational procedures and policies and continuous improvement in products, systems, and processes.

The **Asset Management Division** leads the department in using technology to improve internal business processes and creates and maintains GIS data and technology solutions.

The **Fleet Management Division** is responsible for the acquisition and maintenance of fleet vehicles and equipment for all departments, as well as maintenance of the City’s fuel stations.

The **Sanitation Division** promotes a healthy, safe, and sustainable community by providing efficient, reliable, and innovative waste management services. The division strives to deliver

PUBLIC WORKS DEPARTMENT

excellent customer service and to enhance the community and the environment through the implementation of an effective integrated waste management plan.

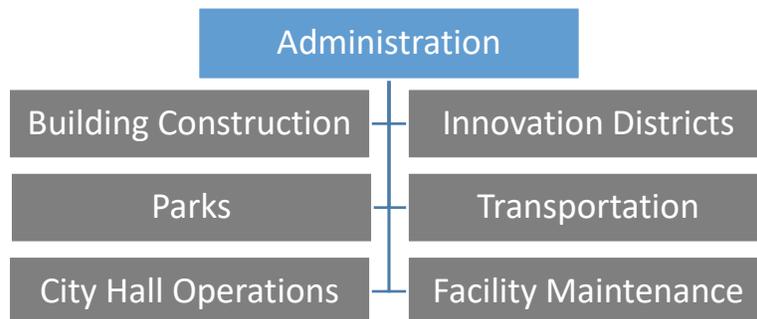
The **Streets & Sidewalks Division** constructs and maintains the City's streets, sidewalks, trees, and rights-of-way in an efficient manner and provides emergency response services in all types of weather. The Division works to ensure a safe and efficient road and sidewalk system through proper maintenance, rehabilitation, and replacement. The Division also strives to maintain and improve traffic conditions to strengthen citizens' sense of community and allow for quick response by emergency service providers.

FY 2021-22 Department Priorities

- Pursue opportunities to optimize the Pavement Condition Index through asphalt resurfacing, preventive maintenance, crack sealing, and patching.
- Continue normalizing the use of the asset management system to improve effectiveness of infrastructure, personnel, equipment, and materials management. (*Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.*)
- Update organizational policies and procedures relating to City vehicle and equipment procurement, maintenance, and disposal, promoting the continued transition to energy-efficient practices and alternative fuel usage.
- Maintain reliable solid waste and recycling collection programs.

Capital Projects Department

The Capital Projects Department facilitates the design and construction of public projects in a reliable, cost-effective, and timely manner. Acting as a supporting department to internal city client departments, CPD endeavors to collaboratively deliver projects identified in the annual Capital Improvement Program (CIP) to benefit the quality of life for Asheville residents and visitors.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,014,333	2,068,533	2,077,917	2,064,067	2,033,010	2,180,527
Benefits	357,057	874,516	901,538	892,225	885,012	974,082
Operating Costs	112,626	1,192,911	1,301,632	1,314,795	1,294,770	1,450,747
Cost Transfers	(861,313)	(1,192,548)	(1,432,170)	(1,432,170)	(1,410,640)	(1,484,956)
Capital Outlay	23,174	48,051	-	252,000	248,220	-
Total	645,877	2,991,464	2,848,917	3,090,917	3,050,372	3,120,400
POSITIONS						
Total	15.00	38.00	38.00	38.00	38.00	38.00

Budget Highlights:

- The FY 2021-22 budget includes additional funding (\$117,000) for an updated security guard contract at City buildings.
- Otherwise, the budget reflects a continuation of programs and services at their current level.

CAPITAL PROJECTS DEPARTMENT

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Admin. & Project Mgmt.	645,877	800,028	503,437	700,274	692,420	503,693
City Hall Operations	-	482,940	571,478	637,391	628,480	687,057
Facility Maintenance	-	1,708,496	1,774,002	1,753,252	1,729,472	1,929,650
Total	645,877	2,991,464	2,848,917	3,090,917	3,050,372	3,120,400
POSITIONS						
Admin. & Project Mgmt.	15.00	18.00	18.00	18.00	18.00	18.00
City Hall Operations	-	6.00	6.00	6.00	6.00	6.00
Facility Maintenance	-	14.00	14.00	14.00	14.00	14.00
Total	15.00	38.00	38.00	38.00	38.00	38.00

The **Administration and Project Management Division** provides and facilitates design, project management, and inspection services for capital infrastructure projects within City maintained right-of-way and City-owned property. Additionally, the department provides general engineering support, surveying, contract administration, and right-of-way acquisition support.

The **City Hall Operations Division** manages an array of services designed to support general city operations. Direct services include custodial work, elevator operation, building security, and mail management and delivery services.

The **Facility Maintenance Division** is responsible for the maintenance of 60+ buildings throughout the City, including support for building-related sustainability initiatives. Facility Maintenance staff work on mechanical, electrical, and plumbing systems to ensure City facilities operate efficiently and consistently.

FY 2021-22 Department Priorities

- Plan, budget, design, and manage projects to ensure that they are built on time and on budget. *(Council Strategic Priority H.4)*
- Develop an equitable and collaborative Facilities Management Program to identify and prioritize maintenance and construction of capital assets that will allow for clear communication of budgetary needs and alignment with organizational priorities and values. *(Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.)*
- Develop and practice procurement that actively and intentionally increases equity and inclusion in project initiation, development, design, and construction. *(Council Strategic Priority F.1: Develop a business inclusion program to increase minority contractor participation in response to the Disparity Study).*

Office of Sustainability

The Office of Sustainability works with all departments across the City to initiate sustainable design, technology, and practice into municipal operations, infrastructure, and services.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	117,776	140,782	183,172	185,239	184,921	190,018
Benefits	40,537	53,916	78,100	78,033	78,033	81,942
Operating Costs	225,966	204,902	507,921	579,353	315,824	507,500
Capital Outlay	230,000	-	-	956,181	956,181	-
Total	614,279	399,599	769,193	1,798,806	1,534,959	779,460
POSITIONS						
Total	2.00	3.00	3.00	3.00	3.00	3.00

Note: The Amended and Estimated amounts shown on this page include additional funding appropriated through the Green Savings program, and are therefore higher than the amount shown in the General Fund Summary on page B-11.

Budget Highlights:

- The budget includes continued funding for the Green Savings Program, which will have \$425,000 total available July 1.

FY 2021-22 Department Priorities

- Update the Sustainability Management Plan to incorporate newly adopted sustainability resolutions. *(Council Strategic Priority C.3: Develop a renewable energy action plan to transition municipal operations to 100% renewable energy by 2030.)*
- Begin work on the City's Climate Justice Initiative with frontline community members.
- Partner with Capital Projects Department to install onsite solar on public facilities. *(Council Strategic Priority C.2: Reduce municipal carbon footprint by 4% per year [80% total reduction by 2050]. As of FY20, the City has reached 35.5% of the reduction goal.)*
- Execute Blue Horizons Project contract and support establishment of Blue Horizons Project Community Council. *(Council Strategic Priority C.1: Implement energy efficiency and demand-side management programs that will reduce energy consumption in Asheville and Buncombe County based on recommendations from the Energy Innovation Task Force.)*

Office of Equity and Inclusion

The Office of Equity & Inclusion fosters a fair and inclusive culture across City government; promotes equitable policy recommendations, practices, and procedures; and facilitates improved community engagement.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	174,112	254,267	249,920	215,000	211,760	262,923
Benefits	51,752	85,948	89,555	89,475	88,603	87,616
Operating Costs	124,078	113,692	117,024	152,024	149,844	137,524
Total	349,941	453,907	456,499	456,499	450,207	488,063
POSITIONS						
Total	4.00	4.00	4.00	4.00	4.00	4.00

Budget Highlights:

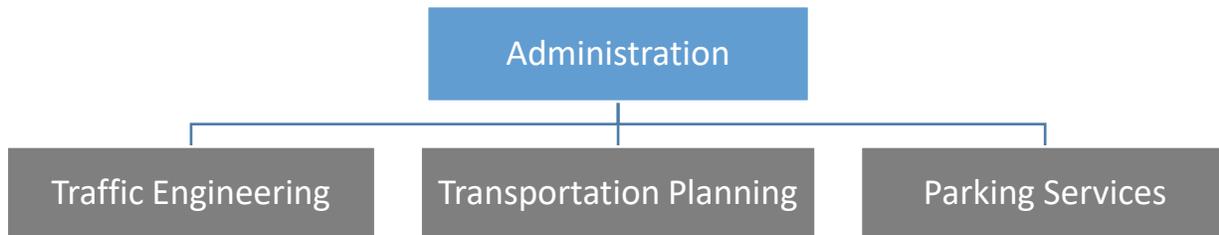
- The budget includes \$25,000 of funding for the Summer 2021 Reparations Speaker Series.

FY 2021-22 Department Priorities

- Implement and track the Citywide Equity Action Plan across all departments. *(Council Strategic Priority A.3: Review City programming, facilities, staffing, operations and partnerships to enhance racial equity.)*
- Develop and use tools to promote equitable policies, practices, and procedures in City operations. *(Council Strategic Priority A.2: Incorporate equity into hiring policies, practices and procedures, especially in public safety.)*
- Partner and collaborate with public, nonprofit, and private entities to advance equity and inclusion in the Western North Carolina region. *(Council Strategic Priority A.6: Develop and implement a strategy based on the National League of Cities report to foster economic mobility.)*

Transportation Department

The Transportation Department provides safety, health, mobility, and quality of life for Asheville citizens and visitors through the administration of engineering, infrastructure, and transportation-related projects.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	722,047	866,431	840,405	840,854	828,180	898,697
Benefits	314,842	367,945	372,094	371,645	368,713	390,343
Capital Outlay	290,693	-	1,500	1,500	1,470	-
Cost Transfers	(91,057)	(81,982)	(81,592)	(81,592)	(80,360)	(83,913)
Operating Costs	1,424,421	1,236,016	1,481,535	1,481,535	1,459,136	1,529,591
Total	2,660,945	2,388,411	2,613,942	2,613,942	2,577,139	2,734,718
POSITIONS						
Total	13.30	13.30	13.30	13.30	13.30	13.34

Budget Highlights:

- The budget reflects a continuation of programs and services and does not include additional funding for any service or program enhancements.

TRANSPORTATION DEPARTMENT

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	305,688	332,368	338,091	338,091	333,829	346,559
Signs, Markings & Signals	445,956	552,348	573,614	563,614	556,100	591,693
Street Lighting	1,040,424	991,708	1,131,970	1,131,970	1,114,970	1,171,970
Traffic Engineering	219,590	272,845	274,520	284,520	280,480	323,452
Traffic Safety & Calming	313,490	11,896	35,000	35,000	34,460	35,000
Transportation Planning	335,796	227,246	260,747	260,747	257,300	266,044
Total	2,660,945	2,388,411	2,613,942	2,613,942	2,577,139	2,734,718
POSITIONS						
Administration	2.30	2.30	2.30	2.30	2.30	2.34
Signs, Markings & Signals	6.00	6.00	6.00	6.00	6.00	6.00
Traffic Engineering	2.00	2.00	2.00	2.00	2.00	2.00
Transportation Planning	3.00	3.00	3.00	3.00	3.00	3.00
Total	13.30	13.30	13.30	13.30	13.30	13.34

The **Administration Division** provides administrative support to all five divisions in addition to the Parking Services and Transit Services enterprise funds.

The **Traffic Engineering Division** manages the planning, design, installation, operation, and maintenance of City traffic control devices (signs, signals, street markings) and contracts with the NC Department of Transportation for state routes within the City. This division also conducts traffic studies and surveys, and reviews major developments and curb cut requests.

The **Transportation Planning Division** provides Citywide planning services, including for the Metropolitan Planning Organization (MPO), transit, and greenway projects.

FY 2021-22 Department Priorities

- Continue to partner with the NCDOT to refine the improvements and aesthetics treatments for the I-26 connector project and when completed, work with the NCDOT through the Design-Build approval process. *(Council Strategic Priority G.9: Develop and maintain an effective working relationship with NCDOT to ensure state transportation investments reflect local concerns and values.)*
- Continue the pedestrian, ADA transition, and greenway master plans. *(Council Strategic Priority E.1: Complete pedestrian, ADA transition, and greenway master plans.)*
- Continue to partner with the NCDOT to improve bicycle and pedestrian safety.

Non-Departmental Community & Resident Services

The City provides funding to outside agencies (strategic partners) for the purpose of promoting community and economic development. The Housing & Community Development (HCD) City Council Committee develops funding recommendations for City Council review and approval.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
STRATEGIC PARTNERSHIP FUNDING ALLOCATIONS						
Asheville Area Arts Council	2,500	-	-	-	-	-
Asheville Art Museum	6,715	1,667	-	-	-	-
Avi Writers Community	-	7,500	-	-	-	-
Bountiful Cities	10,809	3,333	-	-	-	-
Children First	15,000	13,333	-	-	-	-
Christine Avery Learning Ctr	29,876	14,093	-	-	-	-
Community Action Opportunities	-	2,750	-	-	-	-
Council on Aging	12,500	5,625	-	-	-	-
Getting Back to Basics	4,387	3,280	-	-	-	-
Green Opportunities	12,694	1,061	-	-	-	-
Hola Community Arts	-	3,333	-	-	-	-
Just Economics	5,000	2,833	-	-	-	-
Mt Zion Comm. Development	-	4,859	-	-	-	-
My Daddy Taught Me That	19,998	9,584	-	-	-	-
New Mount Olive Miss. Church	7,418	-	-	-	-	-
One Youth at a Time	5,850	4,312	-	-	-	-
OnTrack Financial	7,500	7,333	-	-	-	-
Partners Unlimited	-	16,667	-	-	-	-
Pisgah Legal Services	9,375	16,458	-	15,000	15,000	-
Read to Succeed	12,000	9,667	-	-	-	-
SPARC Foundation	4,012	5,988	-	-	-	-
United Way 211	1,000	-	-	-	-	-
Youth Transformed for Life	23,702	17,219	-	-	-	-
YWCA	26,925	13,559	-	-	-	-
Other Partnership Funding	-	-	242,000	227,000	227,000	242,000
SPF Allocations Total	217,260	164,454	242,000	242,000	242,000	242,000

NON-DEPARTMENTAL COMMUNITY & RESIDENT SERVICES

DIRECT ALLOCATIONS						
YMI Utilities	24,000	24,000	24,000	24,000	24,000	24,000
LEAF Programming	-	80,000	40,000	40,000	40,000	40,000
In Real Life (IRL)	45,000	32,661	45,000	45,000	12,339	45,000
Neighborhood Grants Program	-	-	-	-	-	150,000
Direct Allocations Total	56,661	116,339	109,000	109,000	109,000	259,000
Grand Total	273,921	280,794	351,000	351,000	351,000	501,000

Budget Highlights:

- Strategic Partnership Funding (SPF) is maintained at the FY 2020-21 level.
- The budget includes an additional allocation of \$150,000 from available fund balance (for a total of \$200,000) to launch a neighborhood grant program.

Administrative Services and City Manager's Office

Administration Services includes City Council, the City Manager's Office (CMO), the City Clerk, and the Internal Auditor. These staff provide support to City Council, advisory boards, and the community through administrative oversight, and organizational leadership in accordance with City Council's 2036 Vision.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,283,612	1,350,346	1,337,756	1,360,397	1,339,970	1,445,809
Benefits	427,496	470,449	498,524	475,883	471,613	532,104
Operating Costs	331,656	219,285	287,735	280,235	276,281	260,677
Total	2,042,764	2,040,080	2,124,015	2,116,515	2,087,864	2,238,590
POSITIONS						
Total	11.00	12.00	12.00	12.00	12.00	12.00

Budget Highlights:

- The contract for the annual financial audit is increasing by \$25,000 in FY 2021-22.
- Otherwise, the budget reflects a continuation of programs and services.

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
City Clerk	258,228	279,292	282,480	308,380	304,120	346,838
City Manager	1,320,988	1,303,214	1,356,683	1,329,460	1,311,234	1,367,577
Governing Body	264,218	257,338	275,220	269,043	265,920	279,695
Internal Audit	199,330	200,236	209,632	209,632	206,590	244,480
Total	2,042,764	2,040,080	2,124,015	2,116,515	2,087,864	2,238,590

ADMINISTRATIVE SERVICES AND CITY MANAGER'S OFFICE

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
POSITIONS						
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00
City Manager	7.00	8.00	8.00	8.00	8.00	8.00
Governing Body	-	-	-	-	-	-
Internal Audit	1.00	1.00	1.00	1.00	1.00	1.00
Total	11.00	12.00	12.00	12.00	12.00	12.00

The **City Clerk** gives notice of Council meetings, maintains a journal of proceedings of City Council, is the custodian of all official City records, and performs other duties that may be required by law or City Council.

The **City Manager's Office** is responsible for managing and coordinating the operations of all City departments and for ensuring that City Council goals and objectives are incorporated into departmental goals and objectives. **Internal Audit**, which provides a review of governance, risk management, and control processes, is also housed in this department.

The **Governing Body Division** includes funding for the salaries and operating expenses of the Mayor and City Council.

The **Internal Audit** function promotes efficient, effective, and accountable city government. The office conducts financial, operational and compliance audits of all City departments, divisions and programs. This information is intended to assist in the control of operations, the overall control of assets, and the effectiveness of the system of internal controls.

FY 2021-22 Department Priorities

- Facilitate administrative support and training needs for City Council, Council committees, and advisory boards. *(Council Strategic Priority A.1: Expand diversity on City boards and commissions; G.4: Prioritize the roles of boards and commissions in priority setting and policy planning.)*
- Continue to implement Council's Strategic Plan and management objectives. *(Council Strategic Priority H.10: Leverage public and private partnerships to enhance funding opportunities.)*

City Attorney's Office

The City Attorney's Office advises and represents the City of Asheville in all settings where legal advice and representation are needed or requested.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	512,402	654,965	661,472	661,720	651,780	730,147
Benefits	172,612	213,947	239,413	239,165	236,855	266,339
Operating Costs	656,802	165,336	239,850	241,350	237,670	238,216
Total	1,341,816	1,034,247	1,140,735	1,142,235	1,126,305	1,234,702
POSITIONS						
Total	7.00	7.00	7.00	7.00	7.00	7.00

Budget Highlights:

- The budget reflects a continuation of programs and services.

FY 2021-22 Department Priorities

- Endeavor to bring more litigation matters in-house to reduce outside counsel costs. *(Council Strategic Priority F.3: Identify opportunities to in-source existing contractual services.)*
- Assist in development and pursuit of legislative programs, including management of governmental relations. *(Council Strategic Priority G.5: Develop a more effective state and federal legislative agenda.)*

Communication & Public Engagement Department

The Communication & Public Engagement (CAPE) Department is responsible for the city's strategic communications and coordination of public engagement efforts. Communication responsibilities include media relations, community relations, intergovernmental relations, and internal communications. The department seeks the best ways for the City to communicate its priorities and achieve its policy objectives and designs public education and community outreach initiatives to inform citizens and the media about City services, programs, and policy.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	494,328	442,072	525,629	484,770	477,490	543,067
Benefits	188,957	186,230	226,536	226,395	224,580	229,599
Operating Costs	75,879	62,945	116,489	192,489	189,824	108,563
Total	759,164	691,247	868,654	903,654	891,894	881,229
POSITIONS						
Total	7.00	7.00	8.00	8.00	8.00	8.00

Budget Highlights:

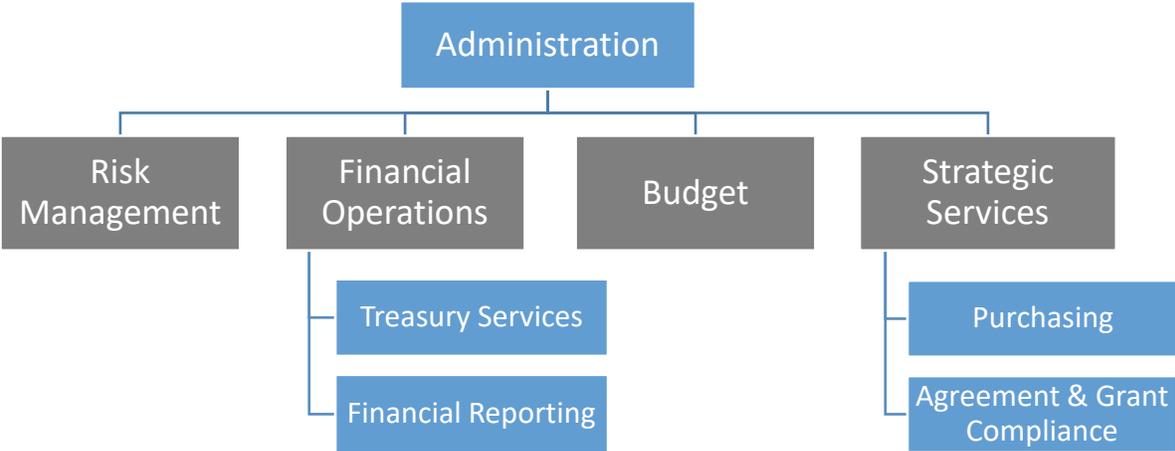
- The CAPE budget continues funding for the neighborhood service enhancements that were approved last fall as part of the initial phase of the reimagining public safety process.

FY 2021-22 Department Priorities

- Implement a Neighborhood Grant Program. (*Council Strategic Priority A.6: Develop and implement a strategy based on the NLC report to foster economic mobility.*)
- Establish an infrastructure, available to all departments, that will house centralized community input and support collaborative community outreach.

Finance & Management Services

The Finance and Management Services Department provides a foundation of support that enables sound decision-making and execution of City initiatives through responsible stewardship of public assets.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,837,672	1,945,106	1,937,163	1,938,530	1,909,410	2,014,767
Benefits	695,480	757,631	772,790	771,619	764,887	824,837
Cost Transfers	(75,217)	(87,713)	(65,717)	(65,717)	(64,720)	-
Operating Costs	364,230	293,843	236,517	236,321	233,350	251,290
Total	2,822,165	2,908,867	2,880,753	2,880,753	2,842,927	3,090,894
POSITIONS						
Total	32.00	32.00	32.00	32.00	32.00	32.00

Budget Highlights:

- The budget reflects a continuation of programs and services.

FINANCE & MANAGEMENT SERVICES

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	574,907	753,667	684,597	728,247	719,787	701,183
Budget	380,325	296,761	322,450	322,450	318,606	429,223
Financial Operations	990,266	303	-	-	-	-
Financial Reporting	-	510,360	522,036	471,986	465,570	527,120
Treasury Services	-	614,417	609,592	609,592	601,330	611,558
Purchasing	436,782	441,727	432,074	438,971	432,890	478,332
Risk Management	439,885	291,633	310,004	309,504	305,290	343,478
Total	2,822,165	2,908,867	2,880,753	2,880,753	2,842,927	3,090,894
POSITIONS						
Administration	5.00	5.00	5.00	5.00	5.00	5.00
Budget	4.00	4.00	4.00	4.00	4.00	4.00
Financial Reporting	6.00	6.00	6.00	6.00	6.00	6.00
Treasury Services	7.00	7.00	7.00	7.00	7.00	7.00
Purchasing	5.00	5.00	5.00	5.00	5.00	5.00
Risk Management	5.00	5.00	5.00	5.00	5.00	5.00
Total	32.00	32.00	32.00	32.00	32.00	32.00

Note: Beginning in FY 2019-20, Financial Operations was split into Financial Reporting and Treasury Services.

The **Finance Administration Division** provides leadership for the variety of responsibilities assigned to the department. This division also monitors the City's Capital Improvement Program; directs and manages the Asheville Public Financing Corporation; and structures, implements, and monitors special financial arrangements such as the City's self-insurance program and pension obligation financing.

The **Purchasing Division's** functions include the procurement of all City commodities and the sale of City-owned surplus property by sealed bids and/or public auction.

The **Risk Management Division** analyzes the relative loss exposure for all City operations and activities and provides recommendations to City staff and departments. Risk Management also places appropriate protective coverage for the City through adequate insurance at the best possible premium or by selecting and implementing alternative risk financing, risk transfer, loss prevention, and loss control techniques.

The function of the **Budget Division** is to plan, prepare, and monitor the City's operating and capital budgets, review the efficiency of City activities, and provide assistance to the City Manager

FINANCE & MANAGEMENT SERVICES

and other departments in performance management, planning, budget forecasting, and evaluation.

The **Financial Reporting Division** is responsible for general ledger and sub-ledger accounting, the year-end audit, required annual financial reporting, and fiscal grant management.

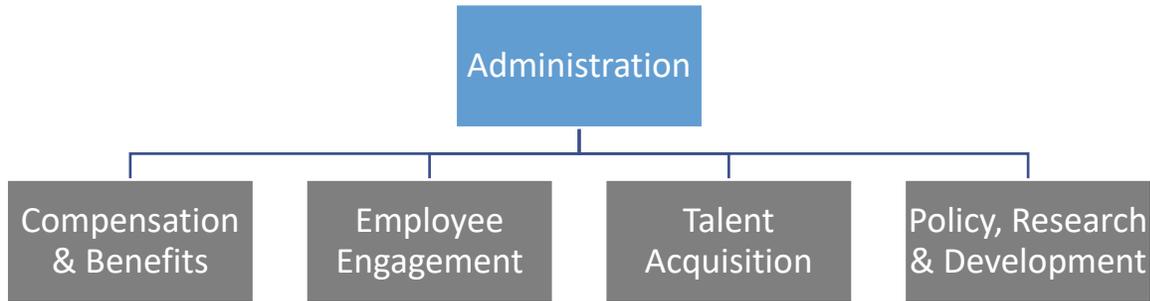
The **Treasury Services Division** maintains City financial records and manages the City's cash, investment, and debt portfolios in compliance with North Carolina General Statutes, federal requirements, and generally accepted accounting principles. This division also handles payroll, accounts payable and receivable activities, and treasury management.

FY 2021-22 Department Priorities

- Expand long-range financial forecasts for both operating and capital budgeting. (*Council Strategic Priority H.3: Integrate multi-year financial planning into the budget development process.*)
- Transition to electronic payments for vendors and employee travel reimbursements.
- The Purchasing Division will improve policies, procedures, operations, and practices to support the goals and objectives of the Asheville Business Improvement program.
- Hire, develop, and retain qualified occupational health and safety professionals to administer the City safety program, including compliance and employee safety training per OSHA regulations.

Human Resources

The mission of the Human Resources Department is to build a highly engaged, empowered, diverse workforce that is reflective of City residents and focused on maximizing innovation, productivity, and organizational performance.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	945,016	870,149	917,890	918,435	904,640	1,064,650
Benefits	365,363	356,467	380,494	379,949	376,324	440,311
Operating Costs	260,459	258,355	211,505	211,505	208,260	222,623
Total	1,570,839	1,484,970	1,509,889	1,509,889	1,489,224	1,727,584
POSITIONS						
Total	21.60	20.60	20.60	20.60	20.60	21.00

Budget Highlights:

- The budget reflects a continuation of programs and services.

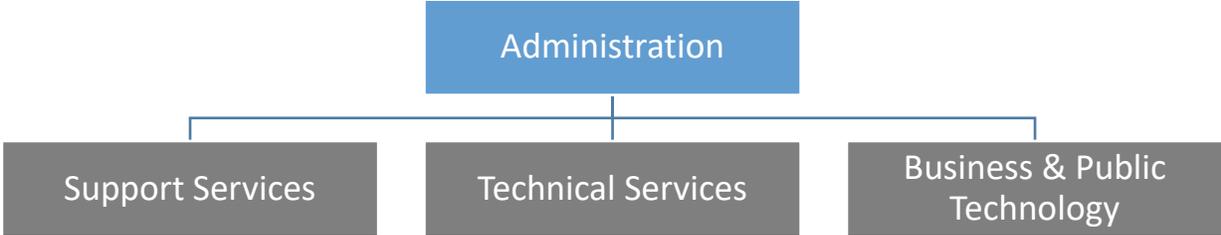
HUMAN RESOURCES

FY 2021-22 Department Priorities

- Develop a strategic plan to implement the results of the comprehensive classification and compensation study. *(Council Strategic Priority H.6: Complete a comprehensive classification and compensation study.)*
- Create an Employee Engagement Plan.
- Finalize and publish revisions of human resource policies. *(Council Strategic Priority H.7: Review and revise human resource policies.)*
- Partner with internal service departments to address systems capability and enhance customer experience. *(Council Strategic Priority G.5: Expand the City's analytic and performance measurement [metrics] capabilities.)*
- Relaunch the HR Business Partner model to increase customer service delivery and implement enhanced Talent Acquisition strategies, including an effective reporting and evaluation system.

Information Technology Services

The Information Technology Services (ITS) Department strives to provide excellent customer service by delivering quality technology solutions with a high level of professionalism and responsiveness. We adhere to principles of technical and fiscal stewardship with an end goal of high quality of life for employees and citizens.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,775,137	1,869,597	2,063,161	2,063,906	2,032,910	2,123,926
Benefits	635,708	675,702	759,229	758,484	751,377	847,840
Capital Outlay	38,024	269,547	25,000	-	-	25,000
Cost Transfers	(636,388)	(615,574)	(469,559)	(469,559)	(462,510)	(476,010)
Operating Costs	1,587,873	1,211,128	1,567,136	1,492,136	1,469,776	1,820,643
Total	3,400,355	3,410,400	3,944,967	3,844,967	3,791,552	4,341,399
POSITIONS						
Total	27.00	27.00	28.00	29.00	29.00	29.00

Budget Highlights:

- In the current fiscal year, funding was reallocated as part of the reimagining public safety process to support the expansion of the Office of Data and Performance. For FY22, this funding is utilized to support two positions, a Performance Analyst and a Data Communication Specialist. Funding to enhance training and outreach efforts (\$25,000) is also included.
- An additional \$155,000 is included to support several citywide contracts and subscription services managed by ITS, including new timekeeping software for public safety staff.

INFORMATION TECHNOLOGY SERVICES

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	347,449	376,631	260,730	439,140	433,409	327,379
Bus. & Public Tech.	1,439,476	1,330,823	1,575,363	1,550,963	1,529,226	1,682,676
Support Services	790,605	710,526	1,481,104	1,217,103	1,200,014	1,626,542
Technical Services	822,826	992,420	627,770	637,761	628,904	704,802
Total	3,400,355	3,410,400	3,944,967	3,844,967	3,791,552	4,341,399
POSITIONS						
Administration	3.00	3.00	1.00	2.00	2.00	2.00
Bus. & Public Tech.	10.00	10.00	11.00	12.00	12.00	12.00
Support Services	10.00	10.00	10.00	9.00	9.00	9.00
Technical Services	4.00	4.00	6.00	6.00	6.00	6.00
Total	27.00	27.00	28.00	29.00	29.00	29.00

The **Administration Division** ensures technology services are deployed effectively.

The **Business & Public Technology Division** provides flexible, automated, and standards-based application services and software to the City's business units.

The **IT Support Services Division** is the first point of contact for customers and ensures timely, efficient, and courteous transactions. The division provides centralized help desk service, documentation, knowledge management, and other task and project management tools.

The **Technical Services Division** aims to enhance security, sustainability, reliability, expandability, and quality of data and communication systems. This includes assisting with complex technical support issues and working with vendors to smoothly integrate outsourced services and products into the City infrastructure.

FY 2021-22 Department Priorities

- Improve staff and community ability to use GIS and data for equitable outcomes, accountability, and communication. *(Council Strategic Priority G.5: Expand the City's analytic and performance measurement [metrics] capabilities.)*
- Improve access to digital services, especially for those who have been most impacted historically by inequities. *(Council Strategic Priority A.3: Review City programming, facilities, staffing, operations, and partnerships to enhance racial equity.)*
- Modernize infrastructure and strengthen security to improve service speed, accessibility, and resiliency.

Non-Departmental Management & Support Services

Budget Summary

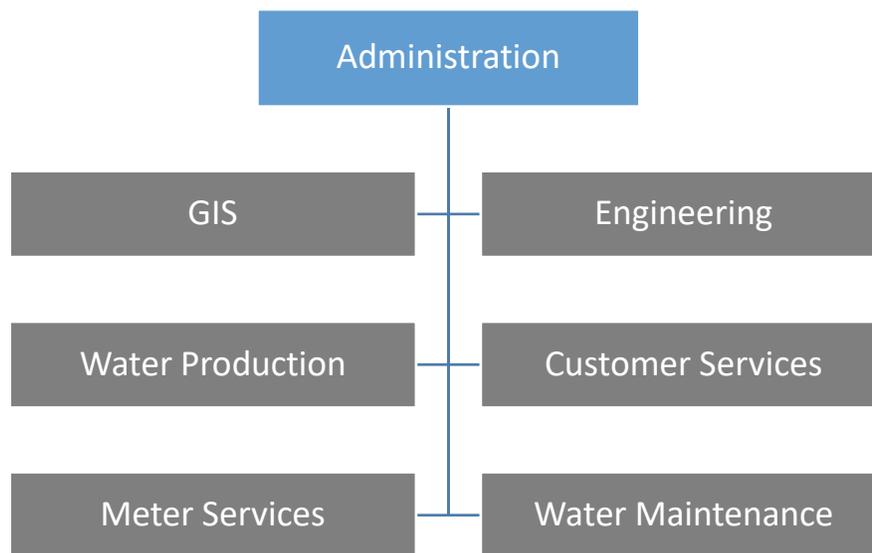
	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Board of Elections	-	1,104	-	-	-	-
County/State Tax Collections	981,149	1,008,733	1,035,375	1,035,375	1,019,840	1,066,000
Crime Stoppers	44,621	43,017	-	-	-	-
Police ID Bureau	448,368	468,306	532,745	532,745	524,750	516,743
City Stormwater Costs	98,137	101,975	125,000	125,000	125,000	125,000
Employee Transit Passes	1,879	935	5,000	5,000	4,920	5,000
Other	165,625	86,033	237,100	209,900	206,980	387,100
Total	1,739,778	1,710,102	1,935,220	1,908,020	1,881,490	2,099,843
GENERAL FUND TRANSFERS TO OTHER FUNDS						
Capital Projects/Debt Funds	17,666,731	17,077,249	16,302,249	16,171,487	16,171,487	16,302,249
Transit Operating Fund	3,525,017	5,084,113	6,804,233	6,804,233	6,804,233	6,916,932
HCCA Capital Fund	136,638	68,375	78,047	78,047	78,047	129,692
HCCA Operating Fund	1,066,834	1,135,109	1,125,437	1,125,437	1,125,437	1,204,420
Total	22,395,220	23,364,846	24,309,966	24,179,204	24,179,204	24,553,293

Budget Highlights:

- The City's annual contribution to the Police ID Bureau program is based on estimates provided by Buncombe County.
- An increase in General Fund support for the Transit Operating Fund offsets the increased cost of existing transit service. Transit service expansions to be implemented in October 2021 are primarily funded with federal grants from the American Rescue Plan Act.
- An increase in General Fund support for operations at the Harrah's Cherokee Center – Asheville (HCCA) offsets the added cost to HCCA for implementation of the compensation study recommendations.

Water Resources Fund

The Water Resources Department manages and protects community resources, providing the highest quality of water service to customers through continuous improvement in products, systems, and processes to maximize customer satisfaction. The Department strives for continuous communication among and between staff, customers, and the governing board and continuous involvement with the community and region, valuing honesty, hard work, creativity, faith in each other, perseverance, and respect for diversity.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	6,807,594	7,212,850	7,521,096	7,558,884	7,288,004	8,179,300
Benefits	3,115,227	3,315,972	3,619,561	3,581,773	3,541,949	3,863,938
Operating Costs	11,069,676	11,869,482	11,629,374	11,846,374	11,059,271	11,894,584
Cost Transfers	-	-	-	-	(627)	-
Capital Outlay	12,101,120	11,867,706	4,920,696	4,703,696	4,643,915	7,268,992
Debt Service	5,527,116	5,708,225	5,544,585	5,544,585	5,544,585	5,528,498
Total	38,620,733	39,974,235	33,235,312	33,235,312	32,077,097	36,735,312

WATER RESOURCES FUND

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
REVENUES						
Capital Maint. Fee	7,398,375	7,067,444	-	-	-	-
Investment Earnings	1,661,232	1,510,192	400,000	400,000	336,900	400,000
Utility Charges	27,113,551	28,176,697	29,079,599	29,079,599	29,351,346	32,579,599
Other Operating	4,073,724	3,623,347	3,755,713	3,755,713	3,381,690	3,755,713
Total	40,246,882	40,377,680	33,235,312	33,235,312	33,069,935	36,735,312
POSITIONS						
Total	155.00	162.00	162.00	162.00	162.00	162.00

Budget Highlights:

- After the Capital Improvement (CIP) Fee was discontinued during FY21, staff engaged with the Water Resources Department's rate model consultant, Raftelis, to develop a long-term plan to recover the \$7.5 million revenue loss from the CIP fee. In May 2021, City Council approved a water rate increase to go into effect September 1, 2021. Water rates for FY22 are 3.2% lower than FY20 rates for the average household. This fee change is expected to generate an additional \$3.5 million in revenue.
- Continued pay-go funding of \$12.5 million for the department's multi-year capital improvement program is included. This funding will be allocated to capital projects shown in the Capital Improvement Program section.
- Otherwise, the budget reflects a continuation of existing programs and services.

WATER RESOURCES FUND

Division Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Administration	1,108,020	1,030,901	1,388,750	1,180,250	1,235,091	1,533,361
Customer Service	1,681,085	1,465,914	1,550,083	1,537,983	1,501,952	1,593,587
Department-Wide	21,389,194	22,145,753	14,236,408	14,067,518	13,865,006	16,831,590
Water Maintenance	5,052,416	5,514,444	5,203,338	5,289,128	5,287,282	5,487,221
Meter Services	2,689,590	2,969,374	3,113,973	3,143,073	3,101,887	3,287,283
Water Production	5,532,160	5,794,605	6,363,083	6,691,683	5,842,531	6,796,375
Engineering Services	637,586	678,720	779,429	725,429	700,469	805,695
Water Operations	530,681	374,525	600,248	600,248	542,878	400,200
Total	38,620,733	39,974,235	33,235,312	33,235,312	32,077,097	36,735,312
POSITIONS						
Administration	9.00	9.00	9.00	9.00	9.00	9.00
Customer Service	23.00	24.00	24.00	24.00	24.00	24.00
Water Maintenance	47.00	49.00	49.00	49.00	49.00	43.00
Meter Services	24.00	26.00	26.00	26.00	26.00	32.00
Water Production	42.00	45.00	45.00	45.00	45.00	45.00
Engineering Services	10.00	9.00	9.00	9.00	9.00	9.00
Total	155.00	162.00	162.00	162.00	162.00	162.00

The **Administration Division** provides planning and management services for the Water Resources Department. The **Meter Services Division** is responsible for timely and accurate meter reading, maintenance and replacement of meters. The **Water Maintenance Division** is responsible for maintaining and upgrading approximately 1,699 miles of distribution mains, service lines, valves, fire hydrants, pumps, and storage reservoirs throughout the water system.

The **Water Production Division** is responsible for operating and maintaining the North Fork, Mills River, and Bee Tree Water Treatment Plants as well as protecting and managing a 22,000-acre watershed.

The **Customer Service Division** is responsible for processing utility bill payments, establishing new water and sewer service, and assisting customers with various water and other City-related issues or concerns. The **Engineering Services Division** is responsible for providing timely plan review and inspection services to the development community and internal and external customers. This includes processing water availability requests, reviewing and approving water line extensions, and inspecting newly installed water lines.

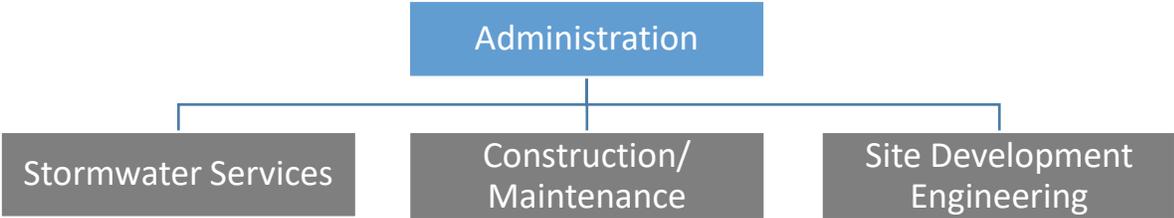
WATER RESOURCES FUND

FY 2021-22 Fund Priorities

- Integrate the Water Master Plan Model projects into the Capital Improvement Program.
- Complete next phase(s) of infrastructure replacement projects.
- Complete the AMI Water Meter Replacement Project and the Lead and Copper Education Project.
- Continue implementation of a unidirectional system flushing program. *(Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.)*

Stormwater Fund

The Stormwater Division of the Public Works Department is responsible for the timely installation, maintenance, repair, and revitalization of storm drainage infrastructure within the City rights-of-way. The Division implements the National Pollutant Discharge Elimination System (NPDES) program, whose goal is to improve water quality. The Division also works to reduce flooding for the citizens of Asheville.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,933,377	1,978,268	2,352,965	2,354,499	1,985,030	2,600,276
Benefits	913,345	893,447	1,118,697	1,117,244	1,017,067	1,207,352
Operating Costs	1,813,756	1,741,579	2,315,029	2,314,298	1,835,025	2,389,137
Capital Outlay	985,419	441,231	350,000	350,650	350,650	229,777
Cost Transfers	(19,247)	(256,592)	-	-	(16,012)	-
Debt Service	525,582	493,646	443,651	443,651	443,651	353,800
Total	6,152,232	5,291,580	6,580,342	6,580,342	5,615,412	6,780,342
REVENUES						
Appropriated Fund Balance	-	-	-	-	-	200,000
Development Fees	438,364	380,005	398,000	398,000	248,793	398,000
Investment Earnings	85,540	81,873	8,773	8,773	15,413	8,773
Utility Charges	5,856,825	6,100,832	6,162,069	6,162,069	5,358,703	6,162,069
Other	13,959	1,095	11,500	11,500	15,479	11,500
Total	6,394,689	6,563,805	6,580,342	6,580,342	5,638,387	6,780,342
POSITIONS						
Total	46.60	51.60	51.60	51.60	51.60	52.60

STORMWATER FUND

Budget Highlights:

- In order to mitigate the economic effects of the COVID-19 pandemic on the Asheville community, City management decided not to proceed with planned annual stormwater rate adjustments for the 2021-22 fiscal year. However, staff will conduct a midyear assessment of Stormwater services to consider adjustments to fees.
- The budget includes a \$200,000 fund balance appropriation to conduct a fee study in FY22.
- The Stormwater Fund will reallocate programmatic and project funding to support a new Stormwater Quality Supervisor in FY22, which is required to meet state and federal mandates.
- The budget includes a \$229,000 pay-go transfer for capital projects

FY 2021-22 Fund Priorities

- Install approximately 5,000 linear feet of stormwater infrastructure through construction contracts and maintenance operations.
- Continue normalizing the use of the asset management system to improve effectiveness of infrastructure, personnel, equipment, and materials management. *(Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.)*

Parking Services Fund

The Parking Services Division of the Transportation Department is dedicated to providing safe, reliable, and efficient parking. The Division provides for the orderly turnover of parking and the maximum utilization of parking spaces through the management of on-street parking facilities, four parking garages, and surface lots in downtown Asheville.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	897,729	832,356	1,166,529	1,167,357	916,738	1,237,018
Benefits	486,519	371,702	588,859	588,013	534,230	619,675
Operating Costs	2,033,607	1,660,402	2,034,113	2,010,113	1,468,514	2,221,403
Capital Outlay	855,831	534,492	270,909	294,909	263,881	570,000
Cost Transfers	-	(8,510)	-	-	-	-
Debt Service	964,015	1,041,522	1,010,395	1,010,395	1,010,395	852,709
Transfer to Transit Fund	1,576,875	1,576,875	1,576,875	1,576,875	1,576,875	1,576,875
Total	6,814,576	6,008,839	6,647,680	6,647,680	5,788,633	7,077,680
REVENUES						
Citations	703,756	678,214	700,300	700,300	17	700,300
Garage Parking	3,837,688	2,763,520	3,820,000	3,820,000	1,915,561	4,250,000
Lots & Peripheral Parking	281,257	152,447	264,400	264,400	102,533	264,400
Parking Meters	1,796,371	1,481,168	1,710,000	1,710,000	1,379,193	1,710,000
Other	197,218	217,982	152,980	152,980	73,008	152,980
Total	6,816,291	5,293,331	6,647,680	6,647,680	3,470,313	7,077,680
POSITIONS						
Total	26.62	28.91	28.91	28.91	28.91	28.91

PARKING SERVICES FUND

Budget Highlights:

- In May 2021, City Council approved several changes to the Parking fee structure. These changes are summarized as follows and are expected to generate an additional \$430,000 in revenue:
 - Increase hourly garage parking rate to \$2.00 for each hour, with a daily maximum of \$20.00. The first hour of garage parking for all hourly customers is provided for free.
 - Provide additional monthly garage parking options for 12 hour daytime access (\$80-100 per month) and an overnight/weekend rate (\$65-90 per month).
 - Lower monthly parking rates and remove existing special event rates in surface parking lots in order to increase the affordability and availability of monthly parking downtown.
 - Adjust rates for on-street monthly parking and add additional street segments to that program.
- A \$500,000 transfer to capital is budgeted to continue pay-go funding for parking garage and lot improvement assessments.

FY 2021-22 Fund Priorities

- Continue to implement Harrah's Cherokee Center - Asheville, Rankin Avenue, and Wall Street parking garage restoration projects including replacing the elevators in the Rankin Avenue parking garage. *(Council Strategic Priority H.1: Invest needed financial and staff resources to address maintenance, new construction, and operational needs.)*

Transit Services Fund

The Transit Services Division of the Transportation Department provides public transportation service that maximizes access to all destinations necessary for the benefit and well-being of citizens including health, employment, recreation, service providers, and retailers.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	165,707	237,964	243,803	250,098	190,376	243,052
Benefits	79,144	83,941	103,868	103,762	91,051	106,553
Operating Costs	8,342,011	10,095,666	11,908,982	12,446,751	12,432,604	12,817,704
Capital Outlay	-	100,000	-	22,231	16,601	-
Debt Service	526	-	-	-	-	-
Total	8,587,388	10,517,571	12,256,653	12,822,841	12,730,633	13,167,309
REVENUES						
Federal/State Grants	2,675,562	1,416,678	2,859,045	3,425,233	3,425,233	3,811,302
Motor Vehicle Licenses	351,820	355,850	350,000	350,000	248,070	350,000
Operating Revenue	673,700	493,656	666,500	666,500	2,408	512,200
Other	36,553	33,952	-	-	16,952	-
General Fund Subsidy	3,525,017	5,084,113	6,804,233	6,804,233	6,804,233	6,916,932
Parking Fund Subsidy	1,576,875	1,576,875	1,576,875	1,576,875	1,576,875	1,576,875
Total	8,839,527	8,961,123	12,256,653	12,822,841	12,173,771	13,167,309
POSITIONS						
Total	3.00	4.00	4.00	4.00	4.00	4.00

TRANSIT SERVICES FUND

Budget Highlights:

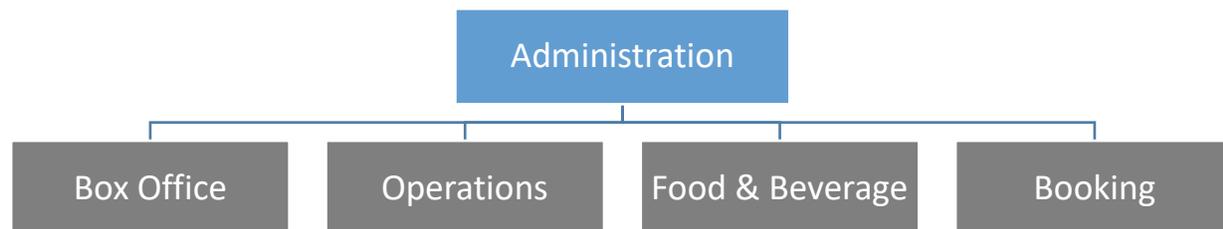
- The budget allocates \$1.1 million to continue implementing the Transit Master Plan beginning in October 2021 to include:
 - Extended evening hours (completion of year one of TMP).
 - Increased frequency on S3 and S6 routes (from 90 minutes to 45 minutes).
- An additional \$175,000 is included to maintain the existing level of transit service.
- In May 2021, City Council approved changes to bus advertising fees that will help to offset the cost of service.

FY 2021-22 Fund Priorities

- Continue to implement phase one recommendations of the Transit Master Plan. (*Council Strategic Priority E.2*)

Harrah's Cherokee Center of Asheville Fund

The Harrah's Cherokee Center of Asheville fosters exceptional experiences for patrons and promoters in the heart of Asheville. The Center has been providing facilities for entertainment, convention, commercial, cultural, and sports activities for the City and surrounding community since 1974 and includes a 7,200-seat arena, a banquet hall, a 2,431-seat performing arts auditorium, and an exhibition hall.



Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	1,350,750	1,492,742	1,461,790	1,462,376	1,226,601	1,630,839
Benefits	495,933	548,115	613,549	612,963	593,549	661,220
Operating Costs	2,030,982	1,882,092	1,406,764	1,406,764	872,054	1,873,906
Capital Outlay	1,208,625	50,000	-	-	-	-
Cost Transfers	-	(40,776)	-	-	(29,675)	-
Debt Service	305,424	331,625	321,955	321,955	321,955	359,929
Total	5,391,714	4,263,798	3,804,058	3,804,058	2,984,484	4,525,894
REVENUES						
Food & Bev. Sales	1,304,848	1,457,864	1,065,600	1,065,600	46,451	1,412,000
Admissions	1,013,129	1,149,076	727,250	727,250	54,672	1,062,000
Rent	907,458	698,640	559,100	559,100	67,245	704,574
Other	194,210	152,132	326,671	326,671	31,668	142,900
General Fund Subsidy	1,066,834	1,135,109	1,125,437	1,125,437	1,125,437	1,204,420
Total	4,486,479	4,592,821	3,804,058	3,804,058	1,325,473	4,525,894
POSITIONS						
Total	22.75	26.30	26.30	26.30	26.30	26.25

HARRAH'S CHEROKEE CENTER OF ASHEVILLE FUND

Budget Highlights:

- Due to the COVID-19 pandemic, the HCCA hosted a very small number of events and remained closed for most of FY 2020-21. While this meant some planned expenditures were avoided, revenues were also severely impacted.
- For FY 2021-22, the HCCA plans to reopen for events in September 2021, contingent on federal and state regulations. Given this plan, the budget for FY 2021-22 revenues and expenditures is adjusted to reflect normal operations at the HCCA.

FY 2021-22 Fund Priorities

- Achieve contracted facility usage of more than 250 dates.
- Secure annual average of \$11.00 in purchases per attendee per event.

Street Cut Utility Fund

The Street Cut Utility Fund is responsible for the repair of all street cuts on publicly maintained streets made by partner agencies including the Metropolitan Sewage District (MSD), Dominion Energy, and City of Asheville Water and Stormwater operations. The Fund also issues permits for non-partners to ensure that repairs are made according to City of Asheville standards.

Budget Summary

	2018-19 Actual	2019-20 Actual	2020-21 Original Budget	2020-21 Amended Budget	2020-21 Estimate	2021-22 Adopted
EXPENDITURES						
Salaries & Wages	492,964	489,571	487,287	487,678	463,183	526,121
Benefits	232,453	217,162	243,141	242,750	241,019	258,318
Operating Costs	882,906	877,963	947,565	947,565	788,627	919,015
Capital Outlay	192,840	46,259	100,000	100,000	42,017	100,000
Debt Service	101,962	100,505	99,111	99,111	99,111	49,224
Total	1,903,126	1,731,460	1,877,104	1,877,104	1,633,957	1,852,678
REVENUES						
Utility Charges	1,674,741	1,862,061	1,777,044	1,777,044	1,652,445	1,752,618
Other Financing Sources	4,727	5,139	100,060	100,060	1,606	100,060
Total	1,679,468	1,867,200	1,877,104	1,877,104	1,654,050	1,852,678
POSITIONS						
Total	10.60	10.60	10.60	10.60	10.60	10.60

Budget Highlights:

- The Street Cut Utility Fund budget represents a continuation of existing programs and services.

Capital Improvement Program

Staff continues to work with the City's financial advisors to update the multi-year debt management and capital improvement program (CIP). The expanded CIP began in FY 2013-14 when City Council approved a 3-cent property tax rate increase dedicated to capital. The program was further expanded on November 8, 2016, when the citizens of Asheville voted to authorize the City to issue \$74 million in general obligation (GO) bonds to make capital improvements in the areas of transportation, affordable housing, and parks and recreation.

Projects in both the General CIP and the Bond CIP were selected based a number of criteria including: public safety, economic growth and sustainability, affordable housing & community development, quality of life, availability of outside funding sources, and potential return on investment. Projects are funded with a mix of internal City resources and external resources such as grants and partnerships.

The following pages show a summary of the new project budgets that are planned over the next five years for the General, Water, Parking and Stormwater Capital Funds. Project status updates for active CIP projects can be found on the City's website at the following link: http://dashboards.ashevilenc.gov/capital_projects.

Capital Funding Resources

Debt service and capital expenses include annual debt service payments on the City's existing and planned debt issuances, as well as capital purchases in departmental operating budgets, pay-as-you-go transfers to the City's various capital project funds, and funding for the General Fund multi-year capital model.

For FY 2021-22, the citywide total budget for debt service and capital expenses is approximately \$31.8 million. These budgets are up partially due to the \$2.5 million increase in the Water Resources Fund transfer to capital. The fee realignment package that Council approved on May 11, 2021 allowed the City to begin restoring funding to the Water capital program following the repeal of the Water CIP fee.

Funding for the General Fund multi-year capital model is held flat for the second consecutive year. However, due to lower interest rates and revised spending schedules on existing projects, the Capital Improvement Program (CIP) budget has capacity to include an additional \$2 million in annual capital funding within the existing CIP to support additional investments in sidewalks, road resurfacing, facilities, and other infrastructure.

CIP Impact on Sustainability Goals

The General Capital Projects for year 1 of the CIP include the addition of renewables for five rooftop locations on City buildings. The aggregated solar projects are expected to generate 259 kW of clean, renewable electricity while also avoiding an estimated 270 metric tons of carbon annually. Projects identified within the facility maintenance and roof replacement programs will contribute to the City's carbon reduction goal. The fleet replacement program will examine both

CAPITAL IMPROVEMENT PROGRAM

carbon mitigation strategies and renewable fleet technologies, addressing the City's renewable energy goals. This year's transit fleet replacement schedule includes adding two hybrid buses to the fleet, which are replacing older diesel transit buses.

Relationship to the Annual Operating Budget

An important aspect of capital improvement budgeting is planning for the impact that capital projects have upon the annual operating budget. CIP projects at the City of Asheville are primarily funded through a mix of pay-as-you-go contributions, debt financing, and grants. Projects funded with pay-as-you-go contributions (from the General Fund and the Water Resources Fund, for example) are directly linked since project funding is authorized with the adoption of the annual operating budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses. The chart below summarizes the pay-as-you-go contributions and the debt service amounts budgeted in the FY 2021-22 annual operating budgets.

IMPACT OF PAY-GO & DEBT ON THE FY 2020-21 OPERATING BUDGET	
General Fund Pay-Go/Debt	16,431,941
Enterprise Fund Pay-Go/Debt	14,632,929
Total	31,064,870

In addition, some completed CIP projects will impact the operating budget through ongoing expenses for staffing and operations. For example, when a new fire station or recreation center is built, the costs of maintaining and staffing the new facility must be funded in the operating budget. Advance knowledge of these costs aids in the budgeting process. Some CIP projects, such as new parking decks, may impact the operating budget by generating additional revenue as well as additional costs. Other projects may create cost savings by reducing annual operating expenses.

With the River Arts District Transportation Improvement Project (RADTIP) completed in FY 2020-21, the City will have additional maintenance requirements in that area. The FY 2021-22 budget includes funding to maintain the newly completed assets in the RADTIP area.

Construction on AFD Station 13 in the Montford area continues to move forward with an anticipated opening date in fall 2022. The opening of the new fire station will require the addition of 15 new firefighter positions at an estimated total annual cost of \$1.2 million. Initial costs associated with hiring staff is included in the FY 2021-22 budget so that the new firefighters can complete their training before the station opens.

There are several other CIP projects planned in the five-year CIP that will impact the City's operating budget in future years, and staff is in the process of refining its estimates of those impacts.

Debt Management

The information in the debt management section was taken from the City's Annual Comprehensive Financial Report for the fiscal year that ended on June 30, 2020. The impact of FY 2019-20 debt activity will be included in the FY 2019-20 Annual Comprehensive Financial Report which will be completed around October 31, 2021.

Legal Debt Limit: The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2020, the statutory limit for the City was approximately \$1,208,753,000, providing a legal debt margin of approximately \$1,130,468,000.

Future Maturities of Long-Term Obligations: Annual debt service requirements to maturity, including interest, are as follows:

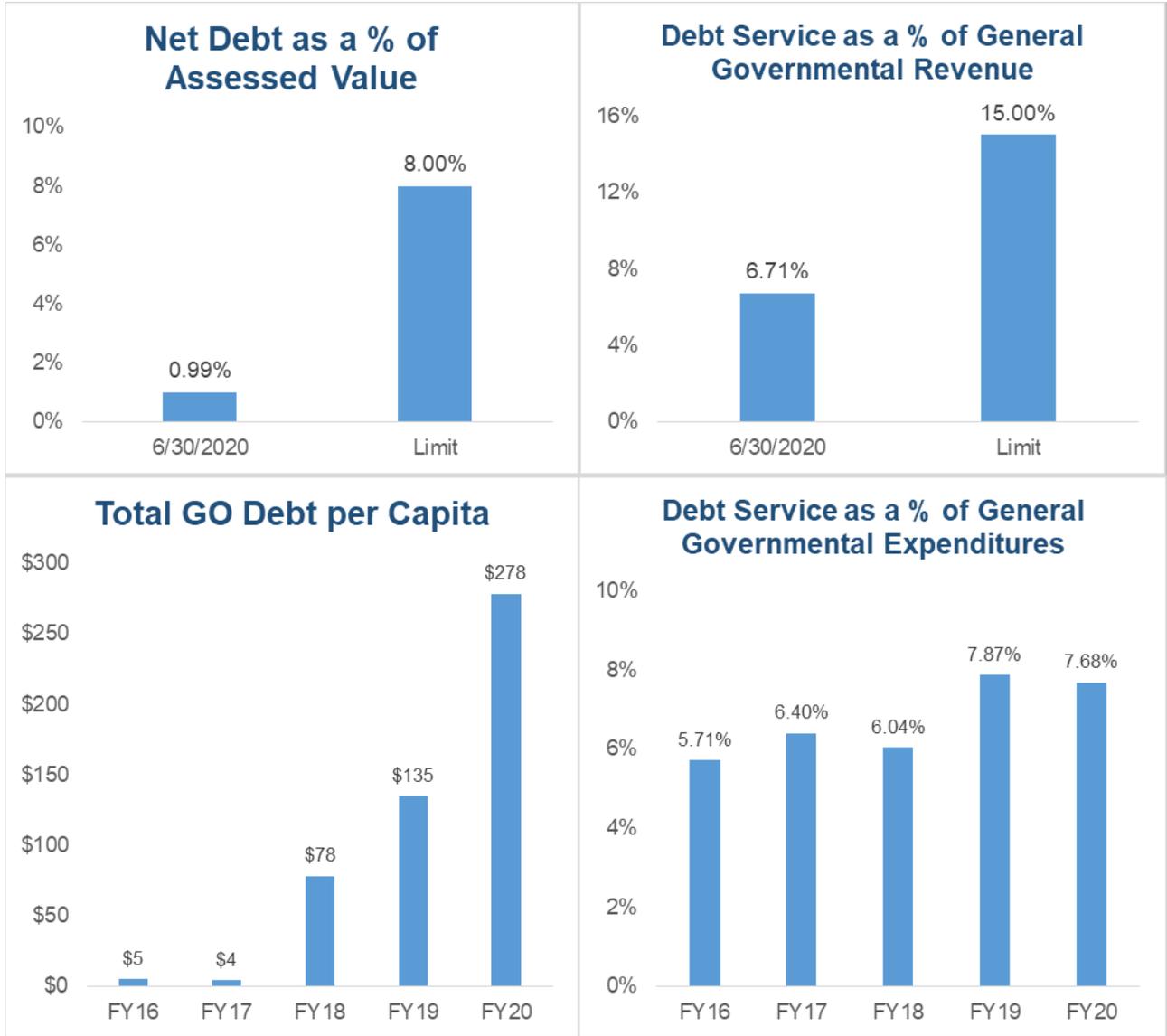
General Fund

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
GOVERNMENTAL ACTIVITIES									
2021	1,110,000	582,380	27,275,047	1,935,149	26,240	4,346	28,411,287	2,521,875	30,933,162
2022	1,045,000	477,466	5,962,492	1,404,825	26,240	3,034	7,033,732	1,885,325	8,919,057
2023	1,045,000	463,985	5,107,212	1,216,197	26,240	1,722	6,178,452	1,681,904	7,860,356
2024	1,040,000	450,400	3,917,705	1,068,165	8,200	451	4,965,905	1,519,016	6,484,921
2025	1,040,000	436,048	4,551,489	939,775	-	-	5,591,489	1,375,823	6,967,312
2026-2030	10,275,971	18,090,454	10,277,738	3,026,276	-	-	20,553,709	21,116,730	41,670,439
2031-2035	5,205,000	905,100	8,335,363	1,225,381	-	-	13,540,363	2,130,481	15,670,844
2036-2040	5,200,000	312,000	4,258,725	197,465	-	-	9,458,725	509,465	9,968,190
	25,960,971	21,717,833	69,685,771	11,013,233	86,920	9,553	95,733,662	32,740,619	128,474,281

Enterprise Funds

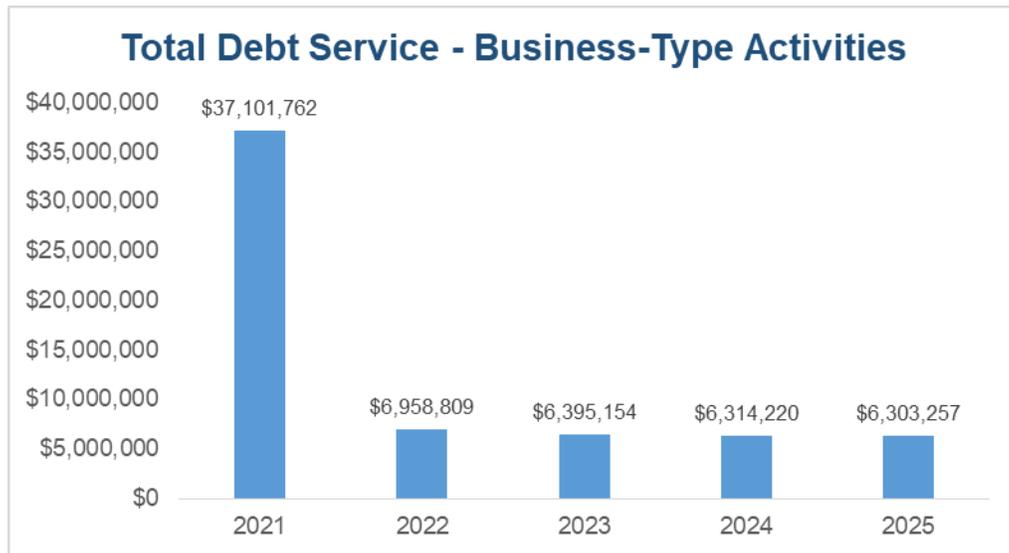
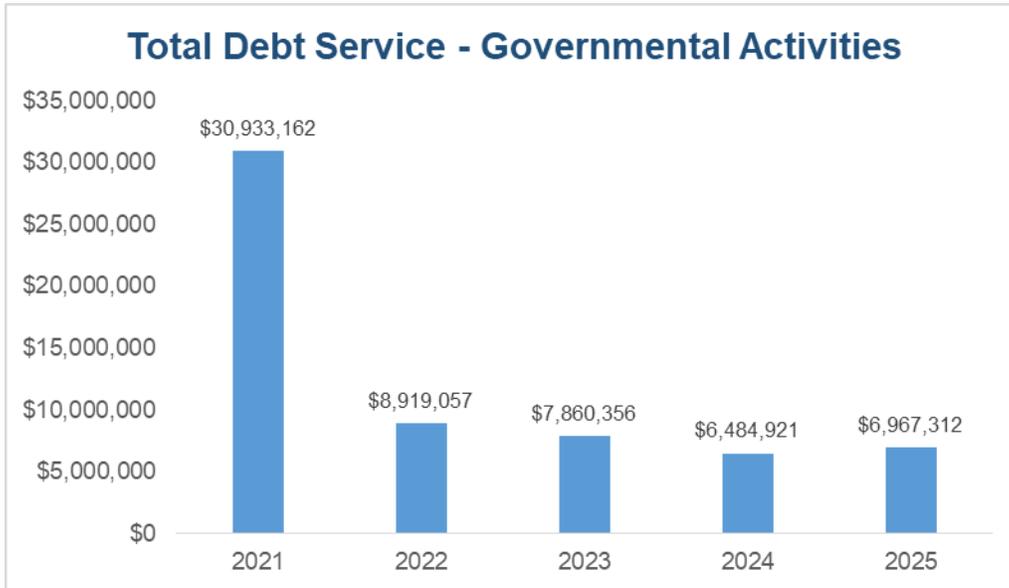
	Revenue Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
BUSINESS-TYPE ACTIVITIES									
2021	33,412,591	1,672,588	1,602,623	404,050	9,910	-	35,025,124	2,076,638	37,101,762
2022	3,800,000	1,523,588	1,280,337	344,974	9,910	-	5,090,247	1,868,562	6,958,809
2023	3,970,000	1,348,338	785,478	281,428	9,910	-	4,765,388	1,629,766	6,395,154
2024	4,170,000	1,144,838	739,053	250,419	9,910	-	4,918,963	1,395,257	6,314,220
2025	4,375,000	931,212	769,235	217,900	9,910	-	5,154,145	1,149,112	6,303,257
2026-2030	12,910,000	2,318,059	3,142,262	625,486	49,548	-	16,101,810	2,943,545	19,045,355
2031-2035	7,075,000	369,772	1,579,637	46,168	9,910	-	8,664,547	415,940	9,080,487
2036-2040	-	-	346,275	16,160	-	-	346,275	16,160	
	69,712,591	9,308,395	10,244,900	2,186,585	109,008	-	80,066,499	11,494,980	91,199,044

DEBT MANAGEMENT



DEBT MANAGEMENT

Future Maturities of Long-Term Obligations



FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

FIVE YEAR GENERAL CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE SOURCES					
Pay-go (Cash)	1,615,000	1,015,000	1,015,000	1,015,000	1,015,000
Short-Term Installment Debt	3,931,000	3,727,000	3,881,000	4,188,000	4,299,000
Long-Term Debt	12,079,499	10,075,200	10,180,600	7,001,200	6,920,510
Grants	56,000	3,596,800	13,110,400	3,704,800	3,890,040
Revenues Total	17,681,499	18,414,000	28,187,000	15,909,000	16,124,550
PLANNED PROJECTS					
FACILITY MAINTENANCE					
Facilities Planning Study	500,000	-	-	-	-
City Buildings Access System	210,000	-	-	-	-
Water Line Backflow Prev.	152,173	-	-	-	-
Municipal Building Envelope	115,000	-	-	-	-
Muni Bldg Bay/Apron Repair	500,000	-	-	-	-
Municipal Building Boiler	60,000	-	-	-	-
Shiloh Ctr. Boiler	186,000	-	-	-	-
Montford Ctr. Boiler	75,000	-	-	-	-
W. AVL Comm. Ctr. HVAC	56,600	-	-	-	-
Facility Upgrades	-	879,000	875,000	722,000	722,000
Roof Replacement	-	150,000	150,000	150,000	150,000
Total	1,854,773	1,029,000	1,025,000	872,000	872,000
FLEET & EQUIPMENT					
Fleet Replacement	3,376,000	3,477,000	3,581,000	3,688,000	3,799,000
Transit Bus Replacement	1,000,000	4,496,000	4,563,000	4,631,000	4,862,550
AFD Apparatus Replacement	1,860,000	-	636,000	-	-
Computer & Technology Replacement	470,000	250,000	300,000	500,000	500,000
CNG Station Compressor Replacement	85,000	-	-	-	-
Total	6,791,000	8,223,000	9,080,000	8,819,000	9,161,550
GREENWAYS					
Beaucatcher Greenway	377,726	-	-	-	-
Hominy Creek Bridge Rehabilitation	575,000	-	-	-	-
Reed Creek Greenway Feasibility Study	70,000	-	-	-	-
Total	1,022,726	-	-	-	-

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

FIVE YEAR GENERAL CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PARKS & RECREATION					
Turf Replacement	250,000	250,000	250,000	250,000	250,000
JBL Turf Replacement	15,000	15,000	15,000	15,000	15,000
Carrier Park Bridge Replacement	50,000	-	-	-	-
Magnolia Park Playground	535,000	-	-	-	-
Shiloh Parking Lot Rehabilitation	225,000	-	-	-	-
Weaver Park Improvements	600,000	-	-	-	-
Park Facilities Upgrades	-	579,000	596,000	614,000	632,000
Total	1,675,000	844,000	861,000	879,000	897,000
PLACEMAKING					
Coxe Ave. Complete Street	-	-	11,825,000	-	-
Downtown Bicycle Connector	100,000	-	-	-	-
I-26 Connector	-	2,000,000	-	-	-
Total	100,000	2,000,000	11,825,000	-	-
STREETS & SIDEWALKS					
Streets & Sidewalk Resurfacing	3,278,000	3,376,000	3,477,000	3,581,000	3,688,000
Chunn's Cove Bridge Rehabilitation	500,000	-	-	-	-
Sidewalk Rehabilitation & Replacement	250,000	250,000	250,000	250,000	250,000
Neighborhood Sidewalks	405,000	417,000	430,000	443,000	456,000
Pedestrian Plan Projects	200,000	250,000	250,000	-	-
ADA Infrastructure Improvements	150,000	150,000	150,000	150,000	50,000
Pedestrian & School Zone Safety	-	-	-	165,000	-
McDowell St. & Choctaw St. Pedestrian Improvements	-	-	89,000	-	-
Traffic Signal Projects:					
Downtown Pole Replacement	200,000	1,125,000	-	-	-
Lee Walker Heights at Biltmore Ave.	80,000	-	-	-	-
MLK Jr. Dr. & Hazzard St.	225,000	-	-	-	-
S. Charlotte St. & MLK Jr. Dr.	200,000	-	-	-	-
Total	5,488,000	5,568,000	4,646,000	4,589,000	4,444,000
CIP CONTINGENCY	750,000	750,000	750,000	750,000	750,000
CIP TOTAL	17,681,499	18,414,000	28,187,000	15,909,000	16,124,550

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

General Obligation Bond Projects Status

In Planning

- Affordable Housing Investments
- Afford. Housing (City-Owned Property)
- Bond Accessible Crossings
- Greenway Neighborhood Connectors
- Parks Land Acquisition
- Vermont Avenue Improvements
- White Avenue Improvements

In Design

- Airport Road Sidewalk
- Bond Road Improvements Phase 3
- Dr. Wesley Grant Sr. Southside Center
- Gerber Road Sidewalk
- Johnston Boulevard Sidewalk
- New Haw Creek Road Sidewalk
- Oteora Road Sidewalk
- Overlook Road Sidewalk
- Patton Avenue New Sidewalks
- Swannanoa River Greenway Phase 1

In Construction

- Fulton Street Improvements
- Haywood Streetscape
- Jake Rusher Park
- Memorial Stadium

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

General & Enterprise Capital Projects Status

In Planning

- Coxe Avenue Feasibility & Design
- Municipal Building Repairs
- Pack Square Park Fountains
- Pebble Creek Stormwater
- Weaver Park Bridge Replacement

In Design

- Dingle Creek Stormwater
- Edwin/Celia/Canterbury Stormwater
- Fairview Rd Pedestrian Improvements
- French Broad River Greenway West
- Greenway Connectors Program
- Neighborhood Sidewalks Program
- New Leicester Hwy Sidewalks
- Public Works Roof Replacement
- Town Branch Greenway
- Lakeshore Drive Stormwater Drainage

In Construction

- Azalea Road Stormwater
- Fire Station #4 Renovation
- Guardrail Maintenance
- Water Meter Replacement & Distribution System Projects
- Morris Street Stormwater
- NCDOT Projects (Water Services)
- HCCA Envelope Improvements

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Water Resources Capital Improvement Program Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE SOURCES					
Pay-Go (Cash)	12,505,961	12,064,500	11,775,000	10,125,000	11,131,642
Long-Term Debt	20,000,000	-	-	-	-
Revenue Total	32,505,961	12,064,500	11,775,000	10,125,000	11,131,642
PLANNED PROJECTS					
Meter Replacement	20,000,000	-	-	-	-
Small Waterline Replacement	5,044,945	6,000,000	6,000,000	6,000,000	6,000,000
NCDOT Projects	2,000,000	-	-	-	-
Water Treatment Plant Projects	1,900,000	1,112,000	1,800,000	1,500,000	1,500,000
Meter/Vault Repair	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Master Plan/Large Waterline Projects	857,500	977,500	-	-	-
Pump Station/Storage Tank Projects	750,000	750,000	750,000	750,000	750,000
System Enhancement Projects	325,000	225,000	225,000	225,000	225,000
Mills River Water Treatment Plant Photovoltaic System	128,516	-	-	-	1,156,642
Fairview Service Area Improvements	-	1,500,000	1,500,000	150,000	-
Expense Total	32,505,961	12,064,500	11,775,000	10,125,000	11,131,642

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Parking Services Capital Improvement Program Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE SOURCES					
Transfer from Parking Operating Fund	500,000	700,000	300,000	300,000	300,000
Revenue Total	500,000	700,000	300,000	300,000	300,000
PLANNED PROJECTS					
Parking Lots Assessment	100,000	-	-	-	-
Parking Garage Assessment	400,000	-	-	-	-
Biltmore Ave. Parking Garage Restoration	-	400,000	-	-	-
HCCA Parking Garage Restoration	-	300,000	300,000	300,000	300,000
Expense Total	500,000	700,000	300,000	300,000	300,000

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

Stormwater Capital Improvement Program Summary

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE SOURCES					
Transfer from Stormwater Ops. Fund	229,777	276,000	350,000	350,000	350,000
Short-Term Installment Debt	431,000	620,000	200,000	140,000	200,000
Long-Term Debt	3,100,223	-	1,770,000	3,260,000	2,356,000
Revenue Total	3,761,000	896,000	2,320,000	3,750,000	2,906,000
PLANNED PROJECTS					
Carter Street/Ann Street Construction	1,200,000	-	-	-	-
Druid Drive Feasibility Study	150,000	-	-	-	-
E Building - Town Branch Culvert Repair	380,000	-	-	-	-
Edwin Place, Celia Place, and Canterbury Drive Drainage Phase 2	-	-	1,200,000	-	-
Edwin Place, Celia Place, and Canterbury Drive Drainage Phase 3	-	-	-	1,900,000	-
Equipment	431,000	620,000	200,000	140,000	200,000
Parks Stormwater Projects	-	276,000	920,000	975,000	-
Shelburne Road Decanting	350,000	-	-	-	-
Shiloh Neighborhood Infrastructure	-	-	-	735,000	2,050,000
Stormwater Contingency	50,000	-	-	-	-
Sulphur Springs Road Construction	1,200,000	-	-	-	-
Waynesville Avenue Drainage	-	-	-	-	656,000
Expense Total	3,761,000	896,000	2,320,000	3,750,000	2,906,000

General CIP Project Summaries

The following capital projects are expected to begin in FY22, or continue with prior funding.

ADA Transportation Improvements

Project Description: The ADA Transition plan, to be completed in FY22, is a legally required document that will identify Americans with Disabilities Act (ADA) compliance needs within the public right-of-way. Priority projects will include curb cuts, ramps, signal upgrades, removing utility conflicts and other upgrades to existing pedestrian infrastructure. This project is expected to entail planning, design, any necessary right-of-way acquisition, and construction of the highest priority items in the plan.

Funding: The project budget of \$150,000 is funded with debt.

Chunn's Cove Bridge



Project Description: This project will be based upon a consultant's evaluation and NCDOT inspection reports, which have noted areas of exposed rebar, delamination/spalling and cracking on several areas of the bridge. Repair work will consist of adding a new surface to the bridge deck, cleaning and painting exposed structural steel, concrete repairs to the underdeck, and milling and repaving the approaches to the bridge.

Funding: The project budget of \$500,000 is funded with debt.

Downtown Bicycle Connector

Project Description: The City is considering implementation of a separate bicycle facility on College St. (one-way westbound between Spruce and Patton) and Patton Ave. (one-way eastbound between College and Biltmore) in downtown. The purpose of the project is to create important east-west bicycle connections downtown that connect to the larger bicycle network, including existing and planned facilities. Additionally, the project seeks to improve bicycle safety by providing a



GENERAL CIP PROJECT SUMMARIES

dedicated bicycle facility (Asheville is consistently at the top of the list for bicycle crash rates and fatalities and serious injuries).

Funding: The project budget of \$100,000 is funded with debt.

Downtown Traffic Signal Pole Replacement

Project Description: The City is in the process of trying to replace old traffic signal poles due to deterioration and to minimize risk of them falling for safety purposes. Five intersections with old metal poles remain that need to be replaced, as poles in similar condition have fallen in the past. The project would include upgrades to pedestrian accessibility and assuring the intersections meet current best practices for safety and operation.

Funding: The project budget of \$200,000 is funded with debt.

Fire Department Apparatus



Project Description: The Asheville Fire Department plans to replace a 75-foot “Quint” style apparatus with a 103-foot Quint style apparatus. The apparatus will serve the Shiloh area of Asheville and will operate out of station 5. This apparatus is a KME “Tuff truck” that has the 5 elements of a “Quint” (water pump, water tank, fire hose, aerial, and ground ladders). The final product will reduce operation and maintenance costs and downtime through the truck’s 10 plus year service life.

Funding: The project budget of \$1.86 million is funded with debt.

Hominy Creek Bridge

Project Description: The Hominy Creek Bridge was originally built by the North Carolina Department of Transportation over 50 years ago. After the relocation of the Brevard Road interchange on I-240, the City assumed ownership of this bridge. The bridge will serve as a vital link for the Hominy Creek Greenway. The bridge must first be inspected and any structural deficiencies corrected to allow for its safe use.

Funding: The project budget of \$575,000 is funded with debt.



GENERAL CIP PROJECT SUMMARIES

Magnolia Playground



Project Description: This project includes addressing backlogged maintenance projects, managing vegetation, and making improvements to play elements across the site.

Funding: The project budget of \$535,000 will be funded with debt.

Sidewalk Rehabilitation and Replacement

Project Description: The City maintains 180 miles of sidewalk, of which approximately 4.2 miles are rated in poor condition. This condition rating is comprised of multiple factors such as ADA compliance, toe trips, and physical condition. Poorly-rated sidewalks present a risk to users due to their dilapidated conditions, and inhibit access and travel opportunities.

Funding: The project budget of \$500,000 is funded with debt.



None



Light



Moderate



Severe

Weaver Park Bridge



Project Description: Weaver Park improvements include replacing and relocating the existing pedestrian bridge with a new bridge in an accessible location. Additionally, the tennis courts will be resurfaced, new fencing and new site furnishings installed.

Funding: The project budget of \$600,000 is funded with debt.

Enterprise CIP Project Summaries

Parking Garages & Lots Assessments

Project Description: This project will develop a five-year maintenance and repair plan for all four City-owned parking garages as well as a plan for public parking lots, with intention to reevaluate existing conditions, and update the plans as needed every five years.

Funding: The project budget of \$500,000 is funded through pay-go.



Sulphur Springs Road Stormwater Improvements



Project Description: This project includes installation of a new drainage system to reduce roadway flooding that can also accommodate future projects along contributing side streets; culvert outlet improvements; and associated stream stabilization at outlet to reduce erosion and degradation of the stream bank.

Funding: The project budget of \$1.2 million is funded from existing fund balance in the Stormwater Fund.

Carter Street – Ann Street – Patton Avenue Stormwater Improvements

Project Description: This project includes installation of new stormwater infrastructure to reduce roadway, property, and structural flooding, and hazardous ponding of water along Patton Avenue. Improvements are also included for pedestrian and vehicular safety near Clingman Avenue, providing access to critical services for an underserved and homeless population.

Funding: The project budget of \$1.2 million is funded from existing fund balance in the Stormwater Fund.



ENTERPRISE CIP PROJECT SUMMARIES

Shiloh Park Culvert Rehabilitation



Project Description: This project includes the use of trenchless technology to reline three large existing culverts underneath Shiloh Park to prevent sinkholes and damage to park amenities as well as extend the life of the system. This project conveys the floodplain and floodway, so prevention of failure in the system is important to prevent hazardous conditions during large rainfall events.

Funding: This project budget of \$525,000 is funded from a combination of savings from existing projects and debt.

E Building – Town Branch Culvert Repair

Project Description: A large concrete box culvert that runs underneath Public Works Building E has a failure in the ceiling that is progressively getting worse. This project includes professional engineering services to recommend a design approach and construction of a repair to the culvert that provides minimal loss of use of Building E during the project.

Funding: This project budget of \$380,000 is funded with debt.



Druid Drive Stormwater Feasibility Study



Project Description: A backup of stormwater along the lower portion of Druid Drive at Smith Mill Creek is causing local businesses and homeowners to experience localized flooding frequently. The road becomes impassable and hazardous during multiple rain events every year. The Feasibility Study will identify potential opportunities for projects that could reduce the flooding, improve water quality and drainage in the area. Green infrastructure and water quality opportunities may be incorporated into the project to improve Smith Mill Creek.

Funding: This project budget of \$150,000 is funded with debt.

ENTERPRISE CIP PROJECT SUMMARIES

Decanting Facility for City Stormwater Operations

Project Description: The City is to construct a new facility for decanting and dewatering of contents from street sweepers and Vac-Con trucks. This project includes design and construction of a new facility to meet the needs of the City and meet all applicable local, state and federal requirements for water quality and pretreatment.

Funding: This project budget of \$825,000 is funded from a combination of savings from existing projects and debt.

Asheville Community Profile

Community Description

The City of Asheville, population of 93,413 (2019 est.), is the largest city in western North Carolina, the 11th largest in the State, and is the county seat of Buncombe County. Covering approximately 45 square miles, Asheville sits on a high plateau near the Great Smoky Mountains National Park. It is 240 miles west of Raleigh, the state capital, and 204 miles north of Atlanta, Georgia. The City is also the center of western North Carolina's only Metropolitan Statistical Area, comprised of Buncombe, Madison, Henderson, and Haywood Counties. Known as Morristown in 1792, the community later became the Village of Ashville (without the first "e"). The Town of Asheville, named in honor of Governor Samuel Ashe, was incorporated January 27, 1798 and was reincorporated in 1883 as the City of Asheville.

The City is the regional center of healthcare, manufacturing, transportation, banking, professional services, and retail trade. Other leading industry sectors include tourism, government, hospitality, and food services. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound near Asheville with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th Century home, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City's strong historic preservation program is evident in the housing and other historic structures that contribute to a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and healthcare facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work, and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste, and stormwater services), parks and recreation, and water.

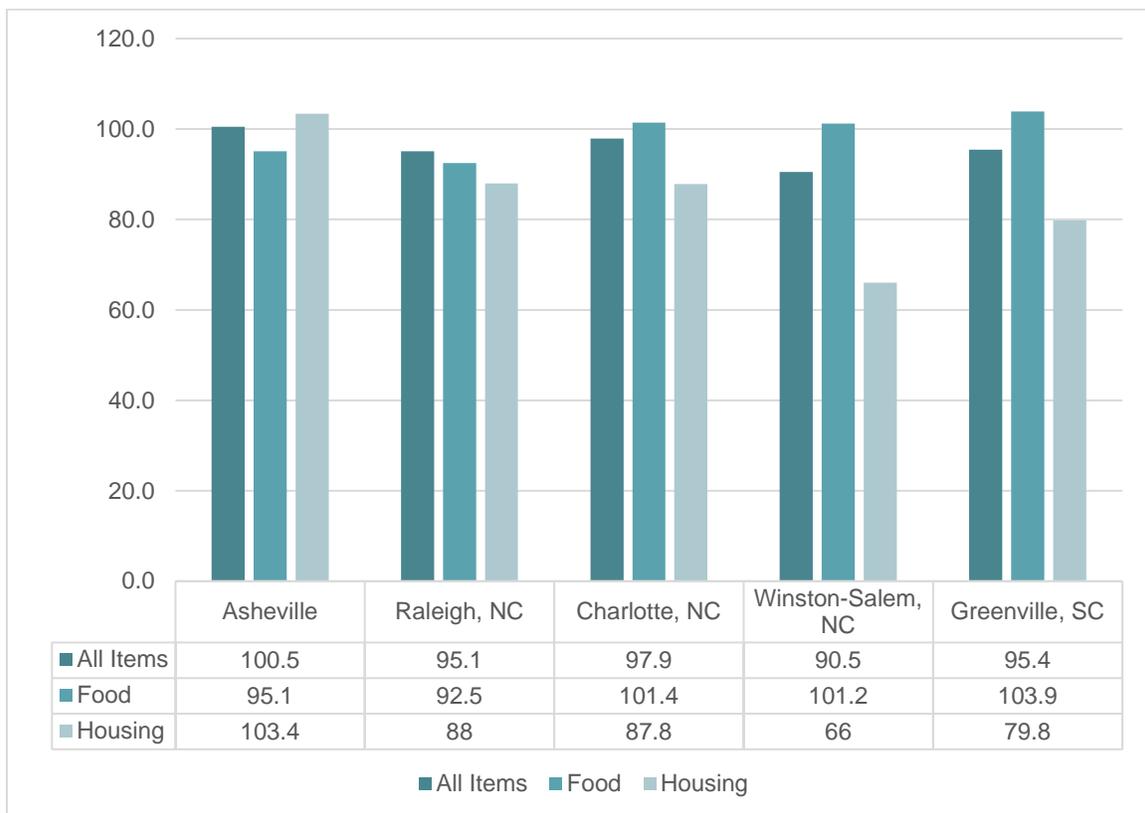
ASHEVILLE COMMUNITY PROFILE

Demographic Information

Historical Population ¹		
1990	2000	2010
61,855	68,889	83,393

Per Capita Personal Income - Asheville Metropolitan Statistical Area (MSA) ²		
Year	City (MSA)	NC
2014	\$37,349	\$39,388
2015	\$38,831	\$40,790
2016	\$41,744	\$42,203
2017	\$43,474	\$44,222
2018	\$45,759	\$46,117
2019	\$47,432	\$50,086

Cost of Living Index for Selected Metro Areas (2019)³



¹ United States Department of Commerce, Bureau of the Census

² United States Department of Commerce, Bureau of Economic Analysis (latest data available)

³ Asheville Chamber of Commerce

ASHEVILLE COMMUNITY PROFILE

Statistical Information

Climate

Avg. Yearly Rainfall	36.99 in.
Avg. Yearly Snowfall	13 in.
Avg. Elevation	2,134 ft.

Culture & Recreation

Community Centers	10
Parks & Playgrounds	58
Park Acreage	869
Swimming Pools	3
Tennis Courts	23

Fire Protection

Number of Stations	12
Number of Fire Personnel	271
Number of Responses (FY19)	18,915
Number of Inspections (FY19)	2,686

Police Protection

Number of Stations	8
Number of Police Personnel	211
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched (FY19)	129,248
UCR Part I Crimes Reported (FY19)	6,295
UCR Part I Cases Cleared (FY19)	1,094
Traffic Accidents Reported (FY19)	7,132

Utilities

Miles of Streets	411.2
Number of Street Lights	10,350
Number of City-Maintained Signals	42
Miles of Water Mains	1,702
Treatment Plants	3
Water Service Connections	63,168
Fire Hydrants	7,706
Daily Avg. Consumption of Water (gal)	21.1 M
Max. Daily Capacity of Treat. Plants (gal)	43.5 M

Education

There are two public school systems serving the City: the Asheville City Schools and the Buncombe County Schools. The Asheville City Schools system has six primary and elementary schools and four secondary schools with just under 4,400 students. In addition, approximately 5,000 of the 25,000 students attending the Buncombe County Schools system reside within the corporate limits of the City. The State provides funding for a basic minimum educational program that is supplemented by the County and federal governments. This minimum program provides funds for operational costs only, while financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs that are not provided for by the state or federal governments. The City does not provide any funding for the school system. The Buncombe County Board of Commissioners levies an Asheville City Schools tax for enhanced education funding on real and personal property located within the Asheville City Schools district. Approximately 54% of property parcels located within the City are subject to the supplemental school tax.

There are several post-secondary institutions located in the area. The City is home to the University of North Carolina at Asheville (UNC Asheville), a four-year liberal arts university that is part of the University of North Carolina system. Of the 17 constituent institutions in the system, UNC Asheville is the only institution dedicated to liberal arts. UNC Asheville offers more than 30 majors leading to Bachelor of Arts, Bachelor of Science, and Master of Liberal Arts degrees. Approximately 3,600 undergraduate students attend the university, which has approximately 221 full-time faculty members.

Asheville-Buncombe Technical Community College (A-B Tech) offers both general and trade curricula for students of all ages. A-B Tech offers 61 curriculum programs, 61 degrees, 20

ASHEVILLE COMMUNITY PROFILE

diplomas, and 78 certificates. Its main campus in the City includes 27 buildings on 145 acres. Montreat College, Warren Wilson College, Brevard College, and Mars Hill College are located within 10 to 30 miles of Asheville. The colleges are four-year private, coeducational, comprehensive liberal arts colleges offering undergraduate degrees in over 48 major programs. The combined full-time enrollment at these four colleges approaches 4,000 students.

Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and in a slowing economy, revenues react accordingly. Given this relationship, key economic indicators including retail sales, unemployment rates, job growth, construction starts, and hotel/motel sales are helpful in assessing the current environment and forecasting future trends. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

Retail Sales

Taxable sales in Buncombe County for fiscal years 2014 through 2020 are shown in the following table⁴:

Fiscal Year	Total Taxable Sales	Annual Change
2014	3,789,896,675	4.34%
2015	4,305,329,030	13.60%
2016	4,705,944,445	9.30%
2017	5,134,269,461	9.10%
2018	5,437,492,143	5.91%
2019	5,754,493,712	5.83%
2020	5,490,195,247	-4.59%

In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's General Fund budget through sales tax receipts. The economic recession and its lingering effects caused retail sales to drop substantially in FY 2009 and FY 2010, with sales falling over 10% during this time period. Sales rebounded in FY 2011 and continued to grow up until FY 2019. However, in FY 2020, there was a decline of -4.59% due to the economic impacts of the COVID-19 Pandemic.

Approximately 75% of the retail sales in Buncombe County occur within the City of Asheville. Among the large cities in North Carolina, Asheville has one of the highest levels of retail sales per resident. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination.

Labor Market Trends⁵

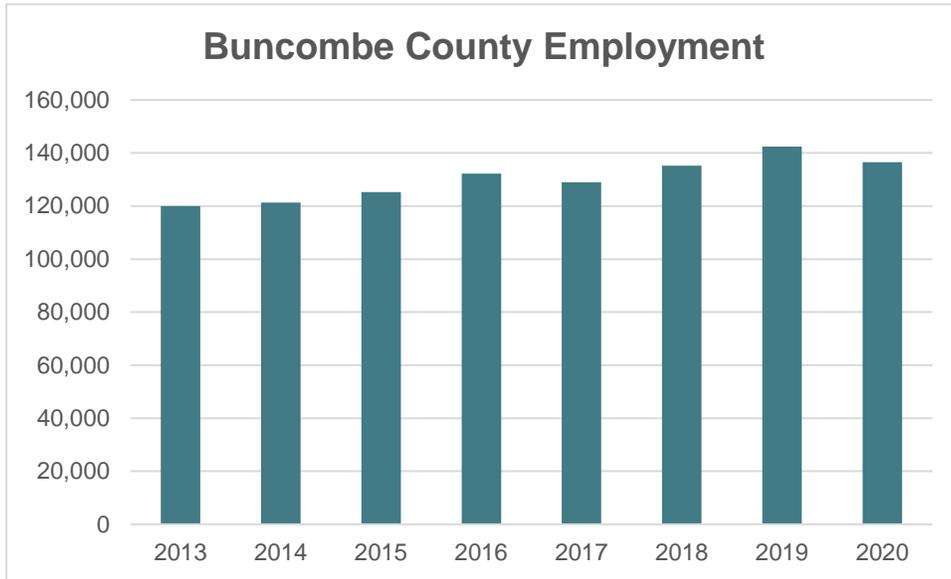
The unemployment rate is a critical indicator of relative strength in the local economy. Due to the COVID-19 pandemic's impact on nationwide economies, there was an increase in unemployment across the country during 2020. However, the unemployment rate has begun decreasing for Buncombe County during 2021. Buncombe County's unemployment rate as of February 2021 stood at 5.2%. Local unemployment rates are lower than both the statewide rate (5.6 %) and the national rate (6.6%). Buncombe County employment for 2020 averaged about 136,000, a drop from 2019, though higher than 2018 levels. The area's leading industry in terms of employment

⁴ North Carolina Department of Revenue, Sales and Use Tax Division

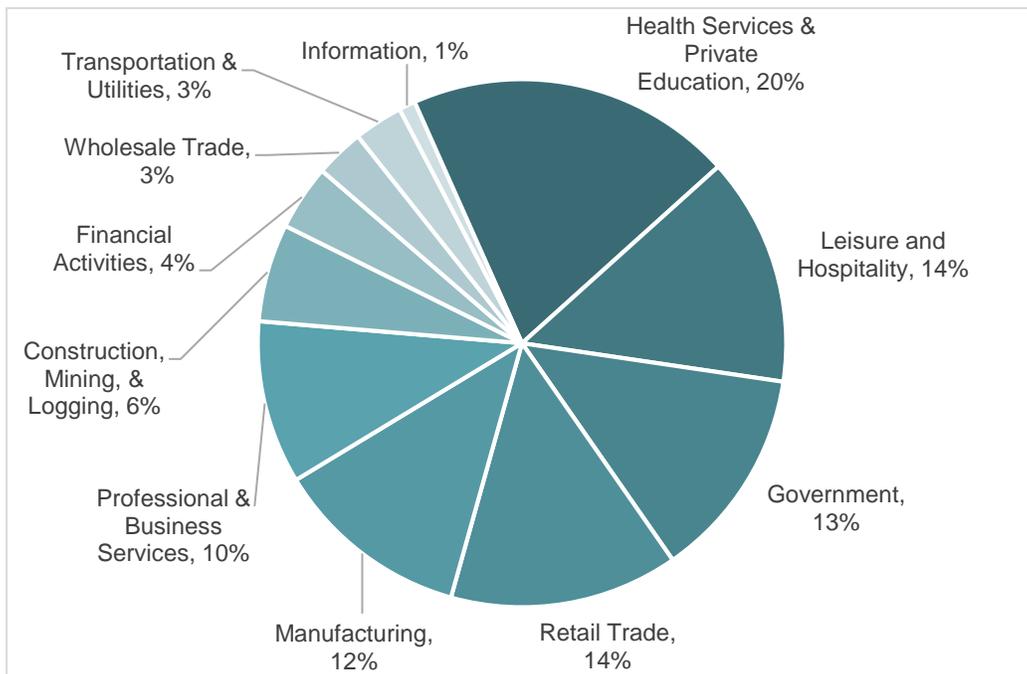
⁵ North Carolina Employment Security Commission; Asheville Area Chamber of Commerce

ASHEVILLE COMMUNITY PROFILE

is health services and private education. Other leading industry sectors include leisure and hospitality, government, retail trade, and manufacturing.



Annual Average Employment by Industry Sector for Asheville Metropolitan Area (2020)⁶



⁶ Asheville Area Chamber of Commerce

ASHEVILLE COMMUNITY PROFILE

Major Buncombe County Employers⁷

Company/Institution	Industry	Employees (approx.)
Mission Health Hospital	Health Care & Social Assistance	1,000+
Ingles Markets, Inc.	Retail Trade	1,000+
Veterans Administration VA	Health Care & Social Assistance	1,000+
Buncombe County Board of Education	Educational Services	1,000+
Buncombe County Government	Public Administration	1,000+
City of Asheville	Public Administration	1,000+
Wal-Mart Associates, Inc.	Retail Trade	1,000+
Mission Community Anesthesiology	Health Care & Social Assistance	1,000+
Eaton Corporation	Manufacturing	500-999
Kendro Laboratory Products LP	Manufacturing	500-999
Asheville-Buncombe Technical Comm. College	Educational Services	500-999
Unison Engine Components	Manufacturing	500-999
State of NC Dept. of Health and Human Services	Public Administration	500-999
UNC Asheville	Educational Services	500-999
Lowes Home Centers Inc	Retail Trade	500-999
Biltmore Workforce Management, Inc.	Arts, Entertainment, & Recreation	500-999
Mountain Area Health Education Ctr	Health Care & Social Assistance	500-999
Fastmed Urgent Care Pc	Health Care & Social Assistance	500-999
Wilsonart LLC	Manufacturing	500-999
M B Haynes Corp	Construction	500-999
Department of Public Safety	Public Administration	500-999
BorgWarner Turbo Systems, Inc.	Manufacturing	500-999
U.S. Postal Service	Transportation & Warehousing	250-499
Teletch Services Corporation	Other Services	250-499
Linamar North Carolina Inc	Manufacturing	250-499

Tourism⁸

Asheville's setting, in the heart of a vast and beautiful recreational area, has made tourism an important part of the local economy. The most recent data from the NC Department of Commerce indicate that domestic tourism in Buncombe County generated an economic impact of \$1.29 billion in 2019. Buncombe County ranked 4th in travel impact among the state's 100 counties. Approximately 12,520 jobs in Buncombe County are directly linked to travel and tourism. Hotel/motel sales are a good indicator of the status of the local tourist economy. Sales have rebounded since the economic recession of 2008 ended, and they reached a new high in calendar

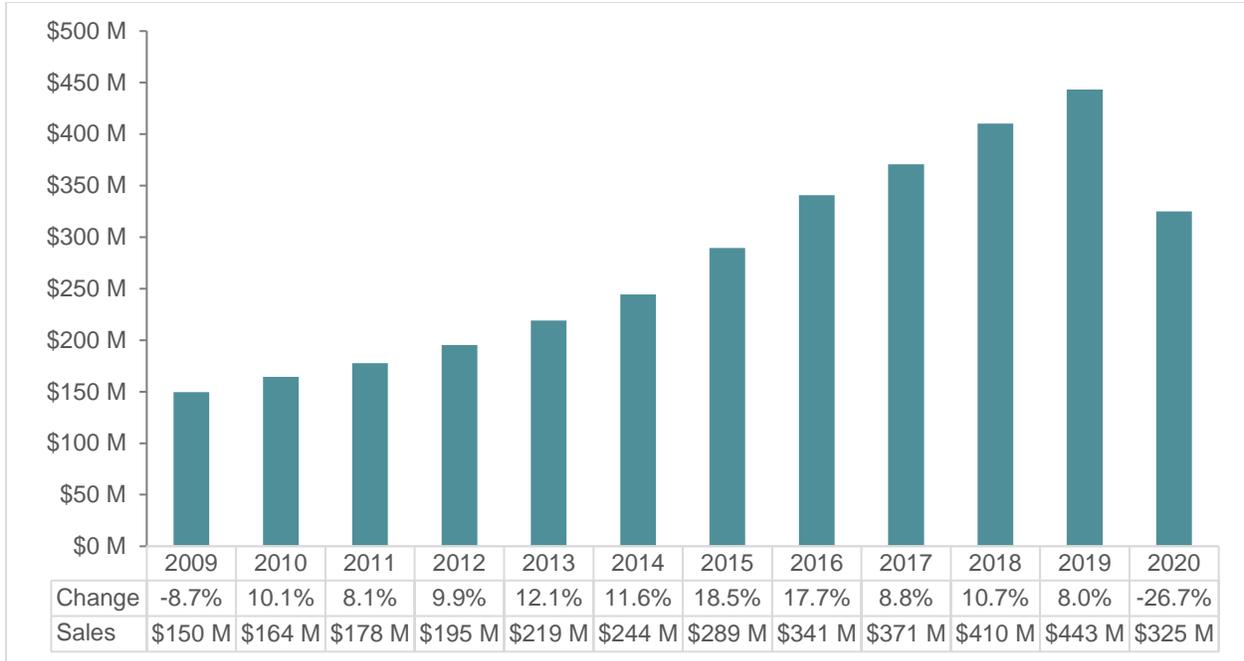
⁷ Asheville Area Chamber of Commerce

⁸ NC Department of Commerce; Asheville Area Chamber of Commerce

ASHEVILLE COMMUNITY PROFILE

year 2019. However, due to the COVID-19 Pandemic, and the restrictions on travel and lodging during 2020, there was a decrease in Hotel/Motel sales to levels previously seen in 2015.

Buncombe County Hotel/Motel Sales



Construction Trends⁹

Between 2014 and 2019, construction activity in Asheville was high, led by substantial investments in hotel, retail and residential projects as well as significant expansions of Mission Health facilities. Although building permit activity remained consistent in 2018, construction valuation decreased from prior years, but saw another increase in 2019. In 2020, both permits issued and their values decreased, possibly due to the COVID-19 Pandemic limiting construction.

City-Issued New Building Permits

Calendar Year	Building Permits Issued	Building Permit Values
2014	2,990	\$335,630,507
2015	3,198	\$435,704,929
2016	2,894	\$413,680,579
2017	2,573	\$660,839,928
2018	2,505	\$276,372,278
2019	2,592	\$401,489,260
2020	2,401	\$316,473,753

⁹ City of Asheville Development Services Department

BUDGET ORDINANCE

ORDINANCE NO. 4386

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2021-22.

WHEREAS, Article 3 of Chapter 159 of the N. C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, the Asheville City Council, following a public hearing as required by law has considered the proposed annual budget for the City of Asheville for the 2021-22 fiscal year;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2021 and ending June 30, 2022.

GENERAL FUND

Revenues:

Taxes – Ad Valorem	\$78,512,370	
Other Taxes	32,548,276	
Intergov. Revenue	12,634,744	
Licenses and Permits	5,385,295	
Sales and Services	12,097,770	
Investment Earnings	623,000	
Miscellaneous Revenue	2,758,641	
Other Financing Sources	<u>673,457</u>	
Total Revenues		<u>\$145,233,553</u>

Appropriations:

Departmental Operations		<u>\$145,233,553</u>
-------------------------	--	----------------------

WATER RESOURCES FUND

Revenues:

Sales and Services	\$36,285,312	
Investment Earnings	400,000	
Miscellaneous Revenue	<u>50,000</u>	
Total Revenues		<u>\$36,735,312</u>

Appropriations:

Water Resources Operations		<u>\$36,735,312</u>
----------------------------	--	---------------------

BUDGET ORDINANCE

PARKING SERVICES FUND

Revenues:

Sales and Services	\$120	
Investment Earnings	42,420	
Miscellaneous Revenue	<u>7,035,140</u>	
Total Revenues		<u>\$7,077,680</u>

Appropriations:

Parking Services Operations		<u>\$7,077,680</u>
-----------------------------	--	--------------------

STORMWATER FUND

Revenues:

Licenses and Permits	\$398,000	
Sales and Services	6,162,069	
Investment Earnings	8,773	
Miscellaneous Revenue	11,500	
Other Financing Sources	<u>200,000</u>	
Total Revenues		<u>\$6,780,342</u>

Appropriations:

Stormwater Operations		<u>\$6,780,342</u>
-----------------------	--	--------------------

TRANSIT SERVICES FUND

Revenues:

Intergov Revenue	\$3,811,302	
Licenses and Permits	350,000	
Sales and Services	512,200	
Other Financing Sources	<u>8,493,807</u>	
Total Revenues		<u>\$13,167,309</u>

Appropriations:

Transit Services Operations		<u>\$13,167,309</u>
-----------------------------	--	---------------------

HARRAH'S CHEROKEE CENTER - ASHEVILLE FUND

Revenues:

Sales and Services	\$3,092,474	
Investment Earnings	50,000	
Miscellaneous Revenue	179,000	
Other Financing Sources	<u>1,204,420</u>	
Total Revenues		<u>\$4,525,894</u>

BUDGET ORDINANCE

Appropriations:
HCCA Operations \$4,525,894

STREET CUT UTILITY FUND

Revenues:
Sales and Services \$1,752,618
Miscellaneous Revenue 60
Other Financing Sources 100,000
Total Revenues \$1,852,678

Appropriations:
Street Cut Operations \$1,852,678

HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:
Miscellaneous Revenue \$152,400
Other Financing Sources 500,000
Total Revenues \$652,400

Appropriations:
Housing Partnership Fund Operations \$652,400

SUSTAINABILITY FUND

Revenues:
Other Financing Sources \$779,460
Total Revenues \$779,460

Appropriations:
Sustainability Fund Operations \$779,460

INTERNAL SERVICES FUNDS

Revenues:
Sales and Services \$19,822,461
Investment Earnings 60,000
Miscellaneous Revenue 1,272,672
Other Financing Sources 945,135
Total Revenues \$22,100,268

BUDGET ORDINANCE

Appropriations:

Health Insurance	\$17,795,128	
Workers Compensation	1,656,000	
Property and Liability	<u>2,649,140</u>	
Total Expenditures		<u>\$22,100,268</u>

CAPITAL 2100 FUND (GENERAL FUND)

Revenues:

Other Financing Sources	<u>\$15,287,249</u>	
Total Revenues		<u>\$15,287,249</u>

Appropriations:

Capital 2100 Fund Operations		<u>\$15,287,249</u>
------------------------------	--	---------------------

Section 2. All appropriations included in the following Capital Project funds and other multi-year funds are approved for the financing life of each project, which may extend beyond one fiscal year.

GENERAL CAPITAL PROJECTS FUND

Revenues:

Intergovernmental Revenue	\$56,000	
Sales and Services	275,000	
Miscellaneous Revenue	25,000	
Other Financing Sources	<u>16,625,499</u>	
Total Revenues		<u>\$16,981,499</u>

Appropriations:

General Capital Fund Expenditures		<u>\$16,981,499</u>
-----------------------------------	--	---------------------

WATER CAPITAL PROJECTS FUND

Revenues:

Transfer from Water Resources Fund	\$12,505,961	
Other Financing Sources	<u>20,000,000</u>	
Total Revenues		<u>\$32,505,961</u>

Appropriations:

Water Capital Fund Expenditures		<u>\$32,505,961</u>
---------------------------------	--	---------------------

BUDGET ORDINANCE

TRANSIT SERVICES MULTI-YEAR FUND

Revenues:

Intergovernmental Revenue	\$290,925	
Other Financing Sources	<u>1,000,000</u>	
Total Revenues		<u>\$1,290,925</u>

Appropriations:

FY20 JARC (Section 5307) Grant	\$81,704	
FY20 Section 5310 Grant	209,221	
Transit Bus Purchases	<u>1,000,000</u>	
Total Transit Multi-Year Fund Expenditures		<u>\$1,290,925</u>

STORMWATER CAPITAL PROJECTS FUND

Revenues:

Transfer from Stormwater Fund	\$229,777	
Other Financing Sources	<u>3,531,223</u>	
Total Revenues		<u>\$3,761,000</u>

Appropriations:

Stormwater Capital Fund Expenditures		<u>\$3,761,000</u>
--------------------------------------	--	--------------------

PARKING CAPITAL PROJECTS FUND

Revenues:

Transfer from Parking Operating Fund	<u>\$500,000</u>	
Total Revenues		<u>\$500,000</u>

Appropriations:

Parking Capital Fund Expenditures		<u>\$500,000</u>
-----------------------------------	--	------------------

HARRAH'S CHEROKEE CENTER - ASHEVILLE CAPITAL PROJECTS FUND

Revenues:

Miscellaneous Revenue	\$540,000	
Other Financing Sources	<u>129,692</u>	
Total Revenues		<u>\$669,692</u>

BUDGET ORDINANCE

Appropriations:

HCCA Capital Fund Expenditures	<u>\$669,692</u>
--------------------------------	------------------

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

Revenues:

Federal Grant FY 2021-22	\$1,053,291	
Program Income	<u>100,000</u>	
Total Revenues		<u>\$1,153,291</u>

Appropriations:

Total CDBG Program Expenditures	<u>\$1,153,291</u>
---------------------------------	--------------------

HOME OWNERSHIP GRANT (HOME) FUND

Revenues:

Federal Grant FY 2021-22	\$1,296,760	
Program Income	<u>74,000</u>	
Total Revenues		<u>\$1,370,760</u>

Appropriations:

Total HOME Program Expenditures	<u>\$1,370,760</u>
---------------------------------	--------------------

SPECIAL REVENUE FUND

Revenues:

Intergovernmental Revenue	<u>\$140,516</u>	
Total Revenues		<u>\$140,516</u>

Appropriations:

Continuum of Care Grant (HMIS)	\$110,516	
PEG Funding	<u>30,000</u>	
Total Appropriations		<u>\$140,516</u>

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees & charges, as readopted and changed on May 11, 2021 in ordinance numbers 4372, 4373, and 4374, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

BUDGET ORDINANCE

Section 4. There is hereby levied for the fiscal year ending June 30, 2022, an Ad Valorem tax rate of \$0.403 per \$100 assessed valuation of taxable property as listed on January 1, 2021 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations.

Section 5. The City Manager is authorized to revise the budget by transfer of appropriations within each fund. All amendments affecting revenues or total fund appropriations shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The reserve for encumbrances at June 30, 2021 and carry-over appropriations, representing prior commitments as of that date shall be re-appropriated pursuant to North Carolina General Statute 159-13, to the departments within various funds, under which expenditures may be made during fiscal year 2021-22 as the previous commitments are satisfied.

Section 7. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

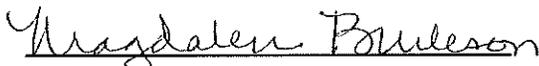
Section 8. The Pay & Classification Plan is amended to incorporate all personnel actions such as reclassifications and pay modifications recommended by the Human Resources department and approved by the City Manager. Funding for the Plan and compensation items is included in the various departments. The amended plan will become effective with the pay cycle that ends on July 9, 2021.

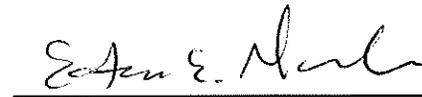
Section 9. Base pay for the Mayor, Vice-Mayor and Councilmembers will be \$23,470, \$19,478, and \$17,243, respectively. Travel for official activities will be reimbursed under the same plan used for City employees.

Section 10. Should any section, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, the remainder of said ordinance shall not be affected thereby.

Section 11. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 22nd day of June, 2021.


City Clerk


Mayor

Approved as to form:


City Attorney

Glossary of Budget Terms

Accrual Basis – Method of accounting in which transactions are recognized at the time they are incurred as opposed to when cash is received or spent.

Adopted Budget – The budget approved by City Council and enacted via a budget appropriation ordinance, on or before June 30 of each year.

Ad Valorem Taxes – Commonly referred to as property taxes, ad valorem taxes are levied on the value of real, certain personal, and public utility property according to the property's valuation and the tax rate.

Appropriated Fund Balance – The amount of fund balance appropriated as a revenue for a given fiscal year to offset operating expenses that exceed current revenue.

Appropriation – An authorization made by City Council which permits the City administrative staff to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Value – The fair market value placed on personal and real property owned by taxpayers by the Buncombe County Tax Supervisor. Real property is reappraised and assessed value established every four years.

Basis of Budgeting – This refers to the form of accounting utilized throughout the budget process.

Bond – A written promise to pay a specified sum of money (principal) at a specific future date, along with periodic interest payments paid at a specified percentage of the principal.

Bond Rating – A rating designated by a credit rating agency (the two largest being Moody's and Standard and Poor's), which represents the creditworthiness of a bond and the likelihood that the debt will be repaid.

Budget – A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures (revenue estimates).

Budget Amendment – Formal action by City Council to change an appropriation or revenue estimate during the fiscal year.

Budget Calendar – The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Document – The official written statement prepared by the City's administrative staff which presents the proposed budget to the City Council.

Budget Message – A general discussion of the proposed budget presented to the City Council by the City Manager as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget Ordinance – The official enactment by City Council establishing the legal authority for City administrative staff to obligate and expend funds.

Budget Process – Activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital needs.

GLOSSARY OF BUDGET TERMS

Capital Outlay – Items of significant value (more than \$1,000) and having a useful life of several years, also referred to as fixed assets.

Capital Improvement Program (CIP) – A plan to identify, prioritize, and approve capital needs (over \$25,000) for a six-year period.

Capital Projects – Projects established to account for the cost of capital improvements. Typically, a capital project encompasses a purchase of land and/or the construction of or improvements to a building or facility.

Certificates of Participation (COPs) – A financing mechanism in which certificates or securities are sold to investors who underwrite a project. The issuance of COPs is secured by lease-purchase agreements to which the City is a party.

Community Development Block Grant (CDBG) – A US Department of Housing & Community Development federal assistance grant to support the local provision of decent housing and a suitable living environment for persons of low and moderate-income.

Comprehensive Annual Financial Report (CAFR) – A financial document that describes the standing of a local government in accordance with accounting requirements from the Governmental Accounting Standards Board (GASB).

Contingency Reserve – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost Transfer – A reallocation of cost from one activity to another. The City uses cost transfers to avoid double counting expenditures associated with internal transactions between City departments. For example, when fleet maintenance repairs a fire engine, that expense is recorded in both

the fleet division and the fire department. A negative expense or cost transfer is then entered into the fleet division to eliminate the double counting. The remaining expenses in the fleet division after all cost transfers represent the net cost of that activity to the City.

Debt Service – Payment of interest and principal on borrowed funds, such as bonds or lease-purchase payments.

Department – A management unit of closely associated City divisions and activities.

Departmental Mission – A brief statement explaining the general purpose and goal of the department in relation to the overall City mission.

Depreciation – An accounting charge associated with expiration in the service life of fixed assets. Depreciation is not recorded as an expense for budget purposes.

Division – A term used to describe a City cost center with distinct objectives and activities.

Enterprise Fund – A type of fund that accounts for governmental operations that are financed and operated in a manner similar to private business enterprises. It is financed primarily from charges to users for services provided. Included in this category are the US Cellular Center, Water Resources, Transit Services, and Parking Services Funds.

Encumbrance – The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Expenditures – The measurement focus of governmental fund accounting. Financial resources expended during a period for operations, capital outlay, and long-term

GLOSSARY OF BUDGET TERMS

principal retirement and interest. Expenditures reflect the cost incurred to acquire goods or services.

Expenses – The measurement focus of proprietary fund accounting. Costs expired during a period, including depreciation and other allocations, as in business accounting. Expenses reflect the cost of goods or services used.

Fiscal Year (FY) – An accounting period extending from July 1 through the following June 30.

Fixed Assets – Assets, such as land, buildings, machinery, furniture, and other equipment, which are intended to be held or used over a long time period.

Full-Time Equivalent (FTE) Position – A unit for measuring staffing levels equal to one position working 37.5 hours per week for an entire year. Temporary/seasonal positions, such as summer Parks & Recreation staff, are not included in the FTE count.

Fund – A fiscal entity with a self-balancing set of accounts used to account for an activity(s) with common objectives.

Fund Balance – The cumulative excess of revenues over expenditures in a fund at the end of a fiscal year. With certain limitations, fund balance may be used to balance the subsequent year's budget.

General Fund – A type of governmental fund used to account for revenues and expenditures for regular day-to-day operations of the City, which are not accounted for in the proprietary funds; i.e., Enterprise and Intergovernmental Service Funds. The primary sources of revenue for this fund are local taxes and state-shared revenues.

General Obligation (GO) Bonds – Bonds issued by City government, usually requiring approval from a majority of voters at a referendum, that are backed by the City's full faith, credit, and taxing power.

General Statutes of North Carolina (GS or NCGS) – The compilation of state laws of North Carolina.

Generally Accepted Accounting Principles (GAAP) – The set of accounting rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

Goal – The underlying reason(s) for the provision of essential City services.

Governmental Accounting Standards Board (GASB) – The organization which sets forth the generally accepted accounting principles (GAAP) for state and local governments in the United States.

HOME Fund – A collection of funding provided by the US Department of Housing and Urban Development (HUD) to provide housing to low-income Americans. This fund is administered by the City.

Interfund Transfer – The movement of monies between funds of the same governmental entity.

Internal Charges – Charges for goods or services provided by one City department to other departments within the City on a cost-reimbursement basis.

Internal Service Fund – A type of proprietary fund used to account for the financing of goods or services provided by one City activity to other City activities on a cost-recovery basis.

Institute for Transportation Research and Education (ITRE) – An organization based at North Carolina State University, which

GLOSSARY OF BUDGET TERMS

uses a standard rating system to assess street pavement condition.

Lease-Purchase – A contractual agreement to purchase a fixed asset over a period of several years. Also known as installment purchasing.

Limited Obligation Bonds (LOBs) – A type of installment financing, also known as a Certificate of Participation, which the City can issue to finance real or personal property or improvements thereon, if it agrees to make debt service installment payments subject to the annual appropriation of City Council.

Line-Item Budget – A budget summarizing the detailed categories of expenditure for goods and services that the City intends to purchase during the fiscal year.

Local Government Budget and Fiscal Control Act – The legal guidelines of the State of North Carolina which govern budgetary and fiscal affairs of local governments.

Local Government Commission (LGC) – Part of the North Carolina Department of State Treasurer; assists local governments on significant financing issues such as bonds.

Modified Accrual Basis – A method for recording receipts and expenditures in which expenditures are recognized when the goods or services are received, and revenues are recognized when measurable and available to pay expenditures in the accounting period.

NCAC – North Carolina Administrative Code; contains all administrative rules, which are written to fully interpret statutes.

NCDOT – North Carolina Department of Transportation.

Net Interest Cost (NIC) – A way to compute the average annual interest expense for a bond issue.

Operating Budget – The City's financial plan which outlines proposed expenditures for the fiscal year and estimates the revenues which will be used to finance them.

Pay-As-You-Go Financing – A method of paying for capital projects that relies on current revenue rather than on debt.

Payment In Lieu of Taxes (PILOTs) – Money transferred from an outside non-profit agency into the General Fund. The principle underlying such transfers is that the City would have received the equivalent amount in taxes had the service been provided by a private firm.

Performance Measure – Indicators used to determine how effectively and efficiently a department achieved its objectives.

Performance Objective – A statement of expected results or impacts which is specific, measurable, realistic, and consistent with overall departmental and organizational goals.

Powell Bill – A North Carolina statute that designates city and town streets as part of the state public roads system, and therefore allocates funding from the General Assembly to municipalities, to maintain, repair, and construct city streets that are not part of the state highway system.

Proposed Budget – The City Manager's recommended balanced budget, which is submitted to City Council prior to June 1.

Proprietary Fund – A type of fund that accounts for governmental operations that are financed and operated in a manner similar to a private business enterprise. It is financed primarily from charges to users for services provided. Proprietary funds used by

GLOSSARY OF BUDGET TERMS

the City of Asheville include the Enterprise and Internal Service Funds.

Revenue – A term used to represent actual or expected income to a specific fund.

Special Obligation Bonds (SOBs) – A type of installment financing which the City can issue to finance downtown revitalization projects, urban area revitalization projects, drainage projects, or off-street parking facilities, pledging the revenue of any tax that it receives but does not levy (e.g., sales tax levied by Buncombe County and remitted to the City), and other fees received by the City (e.g., user fees).

Strategic Partnership Funds – A collection of funds which the City grants to partner organizations in the community to provide public services.

Tax Collection Rate – The percentage of the tax levy that can reasonably be expected to be collected during the fiscal year.

Tax Rate – The level at which taxes are levied. For example, the tax rate is \$0.46 per \$100 of assessed value.

Tax Levy – The total dollar amount of tax that optimally should be collected based on tax rates and assessed values of personal and real properties.

True Interest Cost (TIC) – The real cost of taking out a loan, including finance charges, possible late fees, discount points, and prepaid interest; also refers to the actual cost of issuing a bond.

TIGER (Transportation Improvements Generating Economic Recovery) VI – A grant from the Federal Highway Administration, which is being used in Asheville to fund a suite of capital projects aiming to revitalize transportation and improve the City economy.

Transmittal Letter – A letter from the City Manager summarizing the major differences between the proposed budget and the adopted budget.